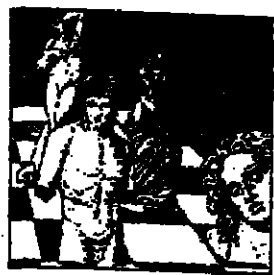


السنة من الايام

FT Weekend



### Right moves

Elected student leaders think university life already makes too many concessions to minorities



### The wine list

Jancis Robinson begins her seasonal recommendations. This week: which reds you should be buying

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<http://www.FT.com>

# US jobless falls to lowest level for 24 years

Interest rate rise thought unlikely while Asian financial crisis persists

By Gerard Baker in Washington

Unemployment in the US fell to its lowest level in 24 years last month as the surging economy shrugged off the crisis in Asia and continued its record-breaking expansion.

The jobless rate dropped to a seasonally adjusted 4.6 per cent in November, the Labor Department reported yesterday, driven by an increase in non-farm payrolls of 404,000 - the biggest leap in nearly two years.

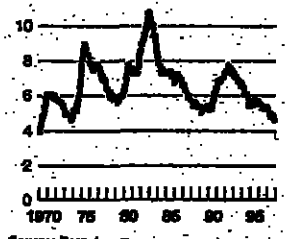
There were clearer signs than ever that the tightest labour market in a generation was beginning to produce rising wage pressures. Average hourly earnings advanced by 4.1 per cent in the year to November, maintaining the strong upward momentum seen in the last few months.

The figures initially raised fears in financial markets that the Federal Reserve might be forced to raise interest rates this month to head off inflation. Bond prices fell sharply on the news, stock prices in New York were lower at the opening, and the dollar soared, rising above ¥130 against the Japanese yen for the first time in five and a half years.

But investors quickly recovered their poise as analysts concluded that, in spite

### US unemployment

As a % of labour force (seasonally adjusted)



Source: Department of Labor

of the potential inflationary implications, the Fed was unlikely to raise rates while the financial and economic crisis continued in Asia.

"In ordinary circumstances the Fed would tighten at the December 16 meeting [of its open market committee] but we don't expect it to do so," said Bruce Steinberg, chief economist at Merrill Lynch, the New York investment bank.

"The Asian crisis will lead the US economy to slow sharply in early 1998," Eurostat markets were relieved at Wall Street's bravo. The DAX index in Frankfurt ended 0.8 per cent higher while in London, the FTSE 100 index gained 0.6 to 5,142.9.

But the jobs report has highlighted the dilemma facing the US central bank as it continues to watch the labour market stretched to limits that seem certain to

provoke inflation. The proportion of Americans in work - at 64 per cent - is the highest ever.

The number of jobs created last month was the highest since February 1986 and average monthly payroll employment increases in the last three months have been 330,000, a sharp acceleration from the already rapid pace of growth earlier this year.

In October, before the crisis deepened, Alan Greenspan, the Fed chairman, warned the economy was on an unsustainable track and hinted that continued strong jobs growth would prompt the Fed to raise short term interest rates.

But following the sharp fall in Asian stock markets and turbulence in US markets, Mr Greenspan revised his judgment, saying the effects on the US economy were likely to be salutary, suggesting they would slow demand by enough to obviate an interest rate rise.

Fed officials are also keenly aware that any increase in US interest rates could further destabilise global markets.

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FT Weekend



### On their toes

Jamaica's coach had to loosen up his players by teaching them that playing football was like dancing

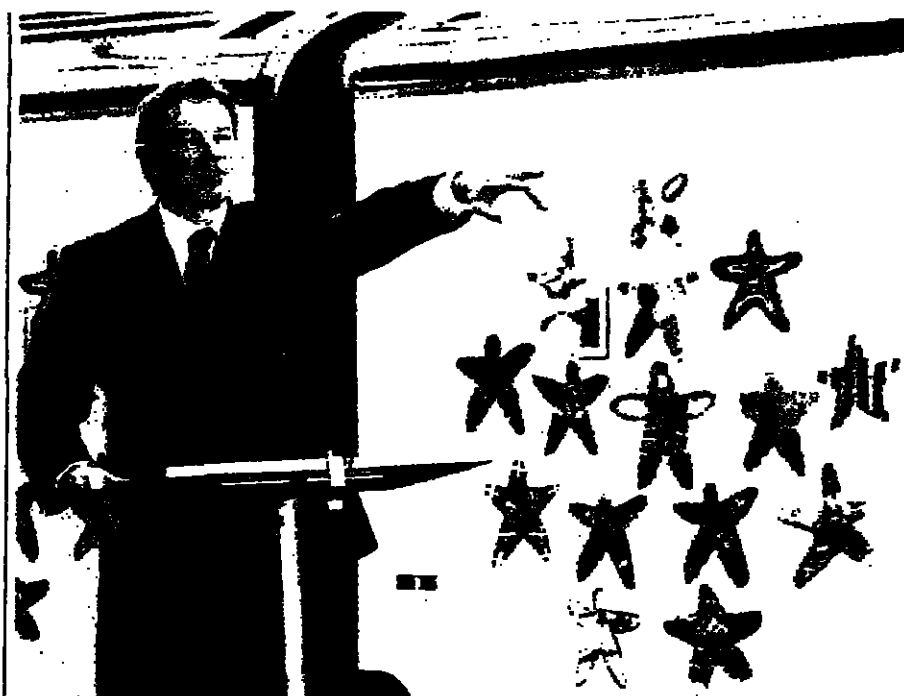


### Vital volumes

Books of the year: from biography to fiction, art to politics, sport to food and drink

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Pages V-VII



Tony Blair, UK prime minister, launched Britain's presidency of the European Union at the Eurostar terminal in London's Waterloo station yesterday by unveiling its logo. The Eurostar train runs through the Channel tunnel between Britain and France. The logo was partly designed by children of the 15 member states Page 5

# Soccer spurs Iran before conference

By Robin Allen

Not since the return of Iran's Ayatollah Khomeini from exile nearly 20 years ago has Tehran witnessed such emotional scenes as those sparked by the country's shock qualification for soccer's World Cup finals.

The prospect of playing in France in 1998 - with a first-round clash against the US - has sent the entire nation into a frenzy.

Thousands of female soccer enthusiasts defied the government last week and joined more than 100,000 of their male compatriots in Tehran's Azadi national stadium to welcome the team back from Australia, where it had clinched a place in the finals.

Now the authorities hope there may be an unexpected side-effect - the boosting of the morale of civil servants and contractors struggling to complete preparations for a high-level Islamic summit starting in Tehran on Tuesday.

For the government of Iran there is no doubt which of the two prestigious international events is more important, even if the people beg to differ.

Preparations for next week's summit of the Organisation of the Islamic Conference (OIC) - at which Tehran will play host to 35 heads of state - could do with an injection of the soccer fans' fervour.

Most of the present mud, which has left buildings unfinished and arrangements in confusion, is attributed to the poor planning of President Mohammed Khatami's predecessor.

Husheini Rafsanjani, whose government was responsible for the arrangements until it left office last August.

Some 2,000 delegates from the OIC's 55 member states are expected to attend - plus a further 15 "special guest" delegations - at what is the biggest international event in Iran since the Islamic revolution.

Key topics will include discussions on how to "consolidate" the image of the OIC; boost confidence between its member states; find ways to solve regional conflicts in the Middle East, Afghanistan, Somalia and Azerbaijan; and improve trade and economic links between Islamic countries.

Speeches are likely to be laced with stinging denunciations of the US and Israel. The venue for plenary sessions is the new international trade centre, still being completed in north Tehran. The brainchild of the Shah, who wanted facilities for up to 1,000 people, the project had got no further than the architect's drawing board by the time he was ousted.

The plans were dusted off five years ago and inspected by Mr Rafsanjani, who ordered the centre's capacity to be doubled. Iran's harassed officials have asked OIC states to confine their numbers to a total of 25 per member. Under pressure, Saudi Arabia has whittled its delegation down from 250 to 175.

Even at 25 apiece, it is doubtful whether there would be enough official Mercedes cars to transport all but the most senior delegates.

# Markets rally as Malaysia launches tough austerity plan

By James Kyng in Kuala Lumpur

Malaysia yesterday announced a sharp austerity package and a promise that "lumpy" businessmen will no longer be bailed out.

The moves, set out by Anwar Ibrahim, deputy prime minister and finance minister, mark the country's most important policy shift since south-east Asia's financial crisis began in July. In late trade yesterday the ringgit, in virtual free-fall this week, gained nearly 5 per cent to M\$3.695 against the US dollar. Stock prices rallied, with the key index climbing 5.47 per cent to 6074 points.

Federal government spending is to be cut by at least 18 per cent next year - with an immediate reduction of 10 per cent.

"This is a watershed. It is almost an IMF [International Monetary Fund] package without the IMF," said the head of one brokerage house in Singapore.

As financial turmoil has rippled across Asia, the IMF has stepped in with aid packages for Thailand, Indonesia and a record \$57bn rescue plan for South Korea. Malaysia has pledged to resist calling in the IMF.

Mr Anwar has revised growth forecasts for this year downwards from 8 per cent to 7.5 per cent, and for next year from 7 per cent to 4.5 per cent.

He pledged to reduce the nation's current account def-

icit to 3 per cent of gross national product in 1998 against the 4 per cent target in October's budget.

The promise that no companies are to be bailed out follows anger last month when UEM, a profitable infrastructure company, was made to borrow M\$2.39bn to help its politically well-connected, but debt-ridden parent, Rengas.

Banks that become insolvent will not be saved, Mr Anwar said. Lending to property projects other than low cost housing is to be halted, and applications for new stock market listings, rights issues and corporate restructuring frozen.

Seoul details IMF bail-out conditions, Page 3

News General

## Tobacco legal threat

The German government is threatening legal action against the European Union's proposed ban on tobacco advertising. Chancellor Helmut Kohl described the planned measure as "incomprehensible". Several tobacco companies including Imperial are also considering a legal challenge, with the European magazine publishers' federation saying that it would "fight this unfair measure all the way". Page 2

**Taking stock of a benchmark divorce:** A 450-page legal opinion from a Connecticut judge brought to a close the most acrimonious and heavily publicised US divorce case in years, with much emotive testimony from both GE Capital chief executive Gary Wendt, and Lorna, his wife of 30 years. But in a development which speaks volumes about the state of wealthy Americans, the outcome hinges on an arcane dispute over how to value stock options. Page 4

**Debate over genetic research:** In the debate on the explosion in genetic research, many are expressing moral doubts about its future applications. But what is happening in reality is a striking contrast to the nightmare scenarios many think such advances might lead to, with genetic testing already eradicating inherited disease in ways that appear to meet public approval. Page 6

**Tennis tackles tournament tangle:** The Association of Tennis Professionals has moved to streamline its tangled array of tournaments and titles. The changes would mean the public, bemused by the rankings and the plethora of meaningless events, would at last be able to understand how professional tennis works. However, persuading players change is needed has not been easy. Page 4

Woman in the News

### Sonia Gandhi

After her husband Rajiv's assassination, Sonia Gandhi resisted pressure to lead the Congress Party but nevertheless became one of its most influential figures. Now Congress is courting this Italian-born woman again, believing she could be an election winner. So far she has remained silent.



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News Business

## \$394m Yasuda pledge

Japanese government and business officials scrambled to avert another financial failure in Japan amid market unease about the health of Yasuda Trust Bank, the country's fourth-largest trust bank. Yasuda Trust's business allies pledged to contribute ¥50bn (\$394m) in a capital-raising exercise after the company announced more restructuring, including a withdrawal from overseas commercial banking operations. The Bank of Japan also continued to flood the market with liquidity to try to avoid a credit squeeze at groups such as Yasuda. Page 24

**Go-ahead expected for new Airbus:** Airbus Industrie is expected to go ahead with the \$2.5bn development of two new aircraft in spite of the UK government's refusal to help fund the project. Industry observers say British Aerospace, one of the four Airbus partners, has had talks with foreign manufacturers about moving some of its work on the new aircraft abroad if the UK government does not change its mind. Page 2

**UK soccer club enters debt market:** Chelsea became the first UK soccer club to enter the debt market when Chelsea Village, its holding company, issued a \$75m (\$125.5m) eurobond. About £35m of the proceeds will go on developing the 12.5-acre Chelsea Village site in London - thought to be worth about \$95m - which includes the Stamford Bridge soccer ground. Chelsea is barred from using any of the eurobond proceeds to buy players. Page 22

**Privatisation falls victim to 'millennium bug':** The biggest Dutch privatisation of the year estimated at F1.13bn (\$650m) collapsed when information technology company Geomatics, the bidder for state computer services agency Roccade, said legal worries from the "millennium bug" made it too risky to proceed. The case is a striking example of the difficulties faced by the IT sector because of the inability of older software to distinguish between the years 2000 and 1900. Adam Taylor, a partner at London law firm Withers, said: "This is becoming more and more an issue in takeovers." Page 24

**Kroll blows its cover:** Kroll Associates, the private company of legendary corporate sleuth Jules Kroll and one of the most successful investigative firms operating in a world of secrecy and discretion, has come out of the shadows and into the glare of public company status through a merger with O'Garra, a publicly traded US security company which specialises in building bomb and bullet-proof limousines. Page 23

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Reference AD061A

## NEWS: INTERNATIONAL

# Bonn may challenge tobacco advert ban

By Our International Staff

The German government yesterday threatened to take court action against the European Union's proposed ban on tobacco advertising. Chancellor Helmut Kohl branded the deal reached by ministers late on Thursday to ban tobacco advertising as "incomprehensible".

Germany was one of four countries that opposed the ban or abstained in a vote on the European Commission's proposed directive, which aims to phase out tobacco advertising and sponsorship by October 2006.

However, the support of the 11 other nations provided just enough votes for a qualified majority for the

measure, which, barring a successful legal challenge, is expected to become law next year or in early 1999.

Several tobacco companies, including Imperial Tobacco, are also considering a legal challenge, which the Commission is confident of fending off.

The ban was criticised by industries hit by it. The European Magazine Publishers' Federation said it would "fight this unfair measure all the way". The German cinema industry said the ban could close a quarter of its outlets.

Under the proposals, cinema and billboard advertising would be banned three years after the measures are adopted. Newspaper adverts

would cease a year later and most sponsorship a year after that, although sponsorship of "world events" could continue for another three years.

The "world events" proposal helped secure the support of the UK, which wants to protect Formula One racing until alternative sponsors can be found. The British government said it was an excellent result.

In Germany, Horst Seehofer, federal health minister, said Bonn had "fundamental political and legal doubts" about the ban. It may have breached the principle of "subsidiarity", whereby decisions are taken by the lowest level of government possible. Germany would not decide

whether to pursue a case in European courts until after the ban had been finalised and passed the European parliament. But it was far from clear that EU-wide action was appropriate when advertising did not cross borders.

In Spain José Manuel Romay Beccaría, health minister, said he personally was in favour of a more rapid timetable for banning advertising and indicated his country might bring some of the measures into effect before the agreed deadlines.

His stance added to speculation about Spain's last-minute decision to abstain in the Thursday night vote along with Denmark.

Spanish officials said the

government did not wish to see the plans adopted against opposition from Germany and Austria. They would not say whether Mr Kohl had contacted José María Asmar, Spanish premier, before the meeting.

There was speculation of a deal between the two men ahead of a European summit next week. In the UK, the pressure group Action on Smoking and Health claimed the Spanish U-turn was linked to plans to privatise the national tobacco industry. The Spanish government denies such claims.

Thursday's vote was carried because of a last-minute change of mind by Greece. Previously against a ban, it was won over by a conces-

sion that will allow tobacco kiosks to advertise outside as well as inside the premises. This exemption will be permanent.

Padraig Flynn, EU health commissioner, who steered the ban through, said it would improve the working of the EU internal market.

In the US, a tobacco deal that may go through Congress next year would include a ban on sports and arts sponsorship. The Food and Drug Administration has already used its licensing of nicotine as a drug to introduce some bans on advertising and sponsorship. Key parts of the regulations were overturned in courts last April but an FDA appeal should be decided shortly.

## NEWS DIGEST

## Defiant Botha wins delay

P.W. Botha, former president of South Africa, yesterday gained a two-week respite from testifying about human rights abuses under the apartheid regime after the country's Truth Commission made a mistake in its subpoena. Archbishop Desmond Tutu, the commission chairman, led a procession of journalists through the streets of Cape Town to the office of the attorney-general, Frank Kahn, to lay charges against Mr Botha for failing to appear yesterday. Ignoring a commission subpoena carries a maximum sentence of two years in jail or a fine.

Mr Kahn said charges would not hold because the subpoena ordering Mr Botha to appear did not stipulate a time. Archbishop Tutu said a new subpoena would be served later ordering him to appear on December 19.

Mr Botha has been called to testify on the activities of the apartheid government's state security council, which he led as president. *Reuters, Cape Town*

## ISRAELI UNIONS

### Strikes to resume tomorrow

Israeli unions yesterday said they would resume nationwide strikes tomorrow, a working day, after suspending them yesterday afternoon following three days of strikes which have paralysed the economy.

The strikes, organised by the Histadrut, the trade union federation, shut down the international airport, railways, ports, government offices, banks and state-owned companies. They were called after the union and the finance ministry failed to reach agreement for pension reform and the government's privatisation plans. The union had earlier defied a back-to-work order by the labour court in their bid to put pressure on the finance ministry to make concessions. *Judy Dempsey, Jerusalem*

## PALME MURDER

### Prosecutors seek retrial

Swedish state prosecutors yesterday filed for a fresh murder trial of the alleged assassin of Olaf Palme, the prime minister murdered in 1986.

Prosecutors told the Supreme Court that new evidence had emerged that justified a retrial of Christer Pettersson, the 50-year-old Swede who was convicted but later acquitted of the murder in 1986.

The court, which has received a 33-page submission on the assassination from prosecutors, could order a new trial next year. Legal experts in Stockholm, however, said the case against Mr Pettersson remained largely circumstantial. He was acquitted eight years ago after an appeal court decided there was insufficient evidence against him. *Tim Burt, Stockholm*

## CZECH POLITICS

### Coalition parties to try again

Václav Klaus, the Czech prime minister, said yesterday the three parties of the ruling coalition would try together to form a new government without any other political groups.

However, Mr Klaus, who resigned with his cabinet last Sunday over a party funding scandal, told a news conference after talks among the three parties which made up the old government that it was not clear whether any such new administration could survive until scheduled elections in 2000.

President Václav Havel said he wanted to avoid having to call early elections and that a new cabinet should come from the current centre-right ruling coalition.

"I am of the opinion that the new government, even a temporary government, must come out of the initiative of the current coalition and enjoy its support," Mr Havel said. *Reuters, Prague*

## FINANCIAL SERVICES

### Malaysian offer to insurers

Malaysia yesterday formally tabled its long-awaited offer in the World Trade Organisation talks to liberalise financial services markets, due to conclude next Friday. The offer permits foreign insurers to take a majority 51 per cent interest in Malaysian insurance companies, from 49 per cent now.

However, Malaysia has refused to guarantee existing foreign stakes over that level, despite heavy US pressure. The fight by American International Group (AIG) of the US to retain its wholly owned branch in Malaysia has become a big obstacle in the negotiations. *Frances Williams, Geneva*

## US-EU SUMMIT

### Police co-operation 'slow'

The US and European Union agreed yesterday to deepen their co-operation in police matters - in spite of frustration in Washington over what it sees as the slowness of European countries to co-ordinate their own efforts in this field.

At a US-EU summit, part of an effort to broaden transatlantic relations, the two sides pledged to exchange law enforcement officers, and in particular to combat the "white slave trade" in women from eastern Europe lured to other countries to work as prostitutes.

The US and EU have already been working together to crack down on the drug problem in the Caribbean. But US officials say they are disappointed by the slow progress of European Union interior ministries' attempts to pool their crime-fighting efforts. The US had no views to offer on how exactly European institutions should function, but transatlantic co-operation would be easier if there was a clearer structure on the EU side, said one senior US official. *Bruce Clark, Washington*

## SURINAM DICTATORSHIP

### Plan for 'truth commission'

Surinam will establish a South African-style truth commission to investigate reported murders and human rights abuses under the military dictatorship in the 1980s of Desi Bouterse, who took power after overthrowing the elected government. Partial or full amnesty has been promised to anyone who confesses to the commission.

The commission will also investigate the murder of an army camp in 1982 of 15 opponents of Mr Bouterse, including several journalists. The former strongman had previously prevented investigations into the reports of murder and other abuses when he ruled the former Dutch colony of 400,000 people, located in north-eastern South America. *Carmel James, Kingston*

## CANADIAN STRIKE

### Mailmen promise free post

Angry Canadian postal workers have returned to work vowing to process mail for free during the Christmas period to protest against federal legislation that forced them to end their two-week strike. The leader of the postal union said that given the backlog of mail that had piled up during their strike, workers would be too busy to check postage on letters and packages.

Back-to-work legislation passed this week provided 45,000 workers with a small rise, but threatened heavy fines for those who did not comply. Canada Post wants to trim C\$200m (US\$141m) in costs, which the union argues will result in 4,000 job losses. *Scott Morrison, Toronto*

## Ireland may revalue for euro

By John Murray Brown in Dublin

This week's Irish budget has increased speculation that the government will revalue the Irish pound's mid-rate in the exchange-rate mechanism, as part of its preparations for joining the European economic and monetary union.

Ireland is the only EU member whose mid-rate is markedly out of line with its market rate - a difference of around 6 per cent.

Mid-rates are widely expected to be set as the benchmark for currencies entering the euro.

But with the fiscal stimulus of Wednesday's budget, economists think the case has been strengthened for a revaluation from the current DM2.41 closer to the market rate - DM2.60 yesterday.

The government faces a dilemma. By revaluing and locking itself in at the higher rate, Ireland is in danger of exposure to future sterling weakness, which would impair Irish competitiveness. David Croughan, chief economist at the Irish Businessmen's and Employers' Confederation, said: "On the political front, we are banking on sterling falling. And so far it hasn't obliged. On the other hand if we try to go in [with] the current mid-rate, there are considerable inflationary risks."

Dublin is coming under pressure from the German and French governments to address the issue before the announcement is made in May on the mechanism for joining the euro.

Eunan King, of NCB brokers, said the budget's 2 per cent inflation target was "not tenable" if the currency was projected to fall in coming months in line with a depreciation on entering at DM2.41. "In that case the 1998 inflation rate would be approaching 3 per cent and heading north of there in 1999. The budget documentation may contain the first official hint of revaluation," he said.

The budget is estimated to add a stimulus to GDP of around 1 per cent. With interest rates falling, Mr King said it would be reckless for the government to devalue.

Inflation is currently at less than 2 per cent, the lowest in the EU, and has remained low despite the appreciation of sterling. The UK is Ireland's biggest trading partner.

## Yeltsin wins a round in budget battle

By John Thornhill in Moscow

Boris Yeltsin yesterday made an unprecedented but decisive intervention to cajole the country's MPs into accepting the 1998 draft budget at its first reading.

Speaking from the podium in the lower house of parliament for the first time, the Russian president said that the whole world was watching the outcome of the vote, while international financial markets were in a fever.

"There is not a more important question you have discussed this year," he said. "Not just Russia but the whole world is watching. Everything depends on this budget. It is a question of whether the rouble will collapse or hold up and remain firm."

Mr Yeltsin's last-minute intervention swung the debate the government's way and parliament passed the outline budget by a vote of 281 to 136. But he accepted MPs would have to renegotiate several aspects of the budget before its subsequent three readings. The government argues the budget is critical for putting Russia's runaway public finances on a firmer footing.

The 66-year-old president's surprise appearance wrong-footed his Communist opponents, who had agreed the previous day to vote against the budget.

In a reversal of his earlier position - Gennady Zyuganov, the Communist party leader, said yesterday that rejecting the budget "would have spelled the complete disintegration of the economy for many regions".

"The governors of many depressed regions asked their MPs to vote for the budget because their finances were falling apart," he said. "We allowed them to vote as they thought necessary."

Foreign investors, who have withdrawn more than \$5bn from Russia's domestic debt market in the wake of Asia's financial crisis, reacted favourably to the

parliamentary vote. Nicholas Jordan, head of investment banking at the Moscow office of Deutsche Morgan Grenfell, said the central bank and the government had been able to "patch the dyke", stopping further outflows of foreign money. "We have seen people coming back into the equity and fixed income markets this week picking up some of the better stocks which have been oversold," he said. "We have seen some positive signs but it is not all over yet."

Fitch IBCA, the international credit rating agency, warned yesterday that its stable outlook for Russia's BB+ rating would depend on the government's ability to take the tough action needed to improve its fiscal position.

"Until the Russian government is able to demonstrate that it is capable of closing the gap between its spending aspirations and its ability to collect tax, Russia will remain vulnerable to adverse shocks and investment risks," it said.

One solution would be for it to use some of the return it has received on its investment in an earlier Airbus model, the A320 family. Sales of the aircraft have been higher than expected and the additional return could help fund the development of the new A340 models.

Industry observers say, however, that BAE has begun talking to foreign companies which could attract financial support from their own governments to help manufacture the aircraft.

The UK group is understood to be in contact with companies in Italy, Spain, China, Taiwan, Malaysia and North America. Although the wings for the new aircraft will almost certainly be assembled at BAE's factory in Chester, some of the components could be manufactured abroad.

BAE refused to comment on its

plans. "It is far too early to speculate. We await the government's response to our launch and application with much urgency," the company said.

Noel Forgeard, a senior executive at Lagardère, the French defence and publishing group, has emerged as the leading candidate to become Airbus managing director when Jean Pierson retires in April.

Mr Forgeard, who is in charge of Lagardère's defence and space business, is being nominated by the French government. The four Airbus partners accept that Mr Pierson's replacement will be French. One of the other leading candidates, Louis Gallois, head of SNCF, the French railways, has said he does not want the Airbus position.

Airbus said yesterday that no decision had been made on the appointment.

## British Aerospace may move work abroad if UK government refuses funding

### Go-ahead expected for new Airbuses

By Michael Skapinker, Aerospace Correspondent

Airbus Industrie is expected to announce next week that it will go ahead with the development of two new aircraft in spite of the UK government's refusal to help fund their development.

Industry observers say that British Aerospace, one of the four Airbus partners, has had talks with foreign manufacturers about moving some of its work on the new aircraft abroad if the UK government does not change its mind.

The Airbus supervisory board is understood to have approved the \$2.5bn project yesterday. Airbus, which is owned by BAE, Aerospiale of France, Daimler-Benz Aerospace of Germany and Casa of Spain, will build two new versions of its four-engine A340 aircraft.

The first, the A340-500, will be a long-range version of the 300-seat A340. The second, the A340-600, will be an extended version of the A340, with 380 seats.

The A340-600 will compete with the Boeing 777 and smaller versions of the Boeing 747.

The proposed Airbus aircraft have already attracted orders from Lufthansa of Germany, Virgin Atlantic of the UK, Air Canada, Egyptair and Eva Air of Taiwan.

Airbus had assumed that the four partners' governments would fund up to a third of the development cost of the new aircraft, as permitted by a 1992 US-European Union accord. The UK is believed to be the only government which is reluctant to do so.

The UK government has not yet announced its final decision on the request for an investment of £120m.

## 'Iron curtain' splits Nikolai's yard

### Divided kinsmen look on forlornly as Estonia and Russia finalise their border

When Russia unilaterally set its border with independent Estonia in 1994, Nikolai Vösonurm's backyard was split between two countries.

From the back window of his house Mr Vösonurm today sees a tall fence erected by the Russian army and fortified with barbed wire and sandbags. Russian soldiers in a watchtower

supervise a strip of no-man's land on both sides of the fence.

The new border caught the 35 villagers of Perdaku, in south-eastern Estonia, by surprise. They now disconsolately reminisce about the woods and the mushrooms from the forest on the other side. They are divided from their Setu kinsmen on the Russian side, who make up

the rest of the 15,000-strong community. But there is more to this border than unpicked mushrooms. Half a decade after the break-up of the Soviet Union, Russia and Estonia are concluding their unfinished business by giving final status to what is likely to be a largely unchanged frontier. The Setus are set to remain divided - a reflection of Russian influence over Estonia as the countries piece together their post-Soviet relationship.

The Setus preserved their identity through centuries of Russian rule until their region, Setumaa, became part of Estonia under the Tartu peace treaty of 1920.

A religious people, they practise a mixture of Christian orthodoxy and paganism which revolves around the monastery of Petoors, which is now in Russia.

But today's population, economically weak and politically marginalised, is coming under threat on both sides of the border. The young are leaving for the cities, and the old and more traditional are particularly affected by the divide.

Their faith is tied to the land, and frequent visits to the graves of ancestors are of central importance. The creation of a border, and Russia's imposition of a strict travel regime, contribute to the unravelling of the social structure of the Setu community.

Russia allows Setus to travel to East Setumaa

monthly on church holidays. "But things also happen on days that are not church holidays," complained Jeesu Eino, a farmer from Perdaku. "Someone falls ill, and as you're looking for documents, the person has already died."

The livelihood of the community is also at stake. The vast majority of Estonian Setus are farmers whose income depends on selling produce in the market of Petoors, now in Russia. But this source of income has dried up since Russia imposed heavy tariffs on cross-border produce trade.

"The tariffs are so high that it is not worth going to the market on the Russian side to sell produce," said Mr Eino. "We used to sell our produce in Petoors," he said, "but now we only have Tartu and Tallinn, and they are too far."

The depressed border region itself provides only a meagre living for farmers. The region, and the village of Perdaku in particular, were dealt a rough hand by history and the Soviet regime.

The demarcations along which the border was placed in 1994 were originally those of the Estonian Soviet Socialist Republic, first determined in 1944 by the occupying Soviet army. Until 1967, Perdaku fell under Russia, but a demarcation survey that year assigned the village to the administration of the Estonian SSR.

Matej Vipotnik

**MASSIVE FINAL END OF YEAR STOCK CLEARANCE**  
All Due Date Unencumbered Inventory in Liquidators' Warehouse  
**YEAR-END DISPOSAL AUCTION**  
to be completed by close of financial year  
A Large Quantity of Silk & Wool  
**HANDWOVEN PERSIAN & ORIENTAL**  
**RUGS, RUNNERS & CARPETS**  
All Fully Guaranteed Genuine & Handmade by way of Conditions of Sale  
of mixed & various sizes, types, ages, quantities & value categories  
including unusual, rare, antique, valuable & extra large items  
company  
Very substantial consigned inventory held & stored  
on behalf of Receivers, Trustees, Auctioneers, Bailiffs,  
Loss Adjusters, Superintendents, Debt Administrators etc.  
consolidated in Liquidators' security storage facility & allotted  
to be put under the hammer piece-by-piece as result of  
contracted year-end liquidation deadlines, closing of the books on  
overdue/defunct commissions, and audited reconciliation of all  
outstanding balances and accounts, including the immediately  
required clearance of several major uncompleted purchases  
- due to extreme pressure of time many of the Lots have been  
authorised for liquidation without any minimums or reserves  
**AUCTION AT WAREHOUSE**  
**THIS SUNDAY, DECEMBER 7**  
**AUCTION AT 12 NOON VIEW AT 11 AM**  
in the Liquidators' security unit to be cleared  
**BONDWAY STORAGE**  
**BONDWAY, VAUXHALL,**  
**LONDON SW8**  
(150 yards west of Vauxhall Underground Station, going south over Vauxhall Bridge,  
into driveway between, below one-way system gallery (right) below Access Sign)  
All goods for immediate disposal, payment & removal. No bidders.  
No Returns. Payments: Cash, cheques, major credit cards.  
Auctioneers: Bidworthy & Knowles, London SW7 Tel: 0171-589 7871

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Investors likely to worry about South Korea's commitment to reform in absence of deadlines

## Seoul details IMF bail-out conditions

By John Burton in Seoul

South Korea yesterday announced conditions for its \$57bn rescue package from the International Monetary Fund which were long on proposed reforms, but short on deadlines for implementation.

The lack of a firm schedule is likely to renew worries among foreign investors and bankers about Korea's commitment to implementing painful reforms and underpinning the restoration of international confidence.

Analysts predicted more tough negotiations between the IMF and Korea as they review the progress of reforms tied to tranches of financial support. Disagreements have already surfaced yesterday over next year's growth target, with the IMF setting it at 2.5 per cent and Korea at 3 per cent.

The IMF said Seoul would receive a first payment of \$5.6bn immediately, while a second payment of \$3.6bn would be available from December 18 after the first review was completed. If Seoul met the terms of the reform programme, another tranche would be paid after January 8.

Besides the disputed growth target, Korea agreed to narrow its current account deficit to below 1 per cent of gross domestic product in 1998 and 1999. The inflation rate in 1998 would be set at 5 per cent or below, which would curb monetary growth and lead to higher interest rates.

Legislation to give independence to the central bank and reform the government's supervision over the financial sector would be approved by parliament before the end of the year.

An increase in the foreign shareholding limit in listed companies would be raised from 26 per cent to 50 per cent by year's end and 55 per cent by the end of 1998. Seoul had earlier said it would raise the ceiling to 50 per cent on December 15.

Seoul also promised to allow foreign banks and brokerage houses to establish subsidiaries by mid-1998 in an effort to promote competition in the financial sector.

The schedule for other

## Asian crisis knocks global growth forecast to 3.5%

The Asian financial crisis will shave more than three-quarters of a percentage point off world growth next year, the International Monetary Fund said yesterday.

Stanley Fischer, the IMF's first deputy managing director, said the Fund had revised down its forecast for global growth next year from the 4.3 per cent it had estimated in September to 3.5 per cent. The bulk of the slowdown will derive from the slump in demand in Asian countries but there is also expected to be a knock-on effect on other countries. The IMF will publish its full revised world growth forecast on December 22.

Mr Fischer expressed confidence that Asian countries would resume their rapid growth rates within the next two years but esti-

reforms was left vague. Although Seoul suggested that it would close insolvent banks, it would not do so immediately, as it planned to review the financial status of troubled banks to determine whether they could be revived through restructuring. Other ailing financial institutions could be merged or acquired by Korean or foreign banks.

The government will have to balance its budget next year while bailing out the banking system, which would result in higher corporate, income and sales taxes and a cut in state spending.

The corporate bond market will be opened fully to foreign investment, but no deadline was given. Direct foreign investment procedures will be simplified and made more transparent.

A schedule for the elimination of trade barriers, including a ban on Japanese imports, will be set later this month during the first review. This will include an end to import licensing and easing of import certification procedures that have restricted the sale of foreign

cars, clothes and cosmetics in Korea. Improved accounting and reporting practices will be required for companies, banks, government lending programmes, and central bank reserves.

Conglomerates, or *chaebol*, will be pressed to borrow more from financial markets instead of banks as investors gain a better view of their financial status through consolidated statements. The level of cross-debt guarantees among *chaebol* subsidiaries will be lowered, while the government will be banned from rescuing troubled groups through subsidies or tax breaks, such as the recent state bail-out of the Kia motor group.

The reforms will be likely to increase job losses because of industrial restructuring. The IMF said that the reform of rigid labour laws to allow the sacking of workers should be matched by improvements in the new unemployment insurance scheme.

Korea said that Sweden, Belgium and the Netherlands had agreed to contribute to the rescue package.

## Kyoto draws together diverse cast

Environmentalists and lobbyists struggle to influence conference delegates



Even the bushes in Kyoto have feelings this week. "Silent but angry," said one placard posted on a shrub outside the climate change conference yesterday. Another, also installed in a dawn raid by Japanese environmentalists, wondered: "Are you going to save us, Al?" ahead of Monday's arrival of Al Gore, the "green" US vice-president.

The conference centre itself resembles a cross between a traditional Japanese temple and a space ship. The mission of the 10,000 green creatures inside is to save Mother Earth - as the official Japanese poster describes the planet - from increased drought, flooding, and freak weather associated with climate change.

Perhaps as an insurance policy against failure, all the world's 166 nations are represented in an ark-shaped conference hall. There they sit in alphabetical order from Albania to Zimbabwe, wrangling over 21st century targets for reducing greenhouse gas emissions from fossil fuels.

But for those who do not much like the idea of a future free of coal, oil or gas, alternatives include installing "sinks".

This is alien conference jargon for forests that can absorb some of the carbon dioxide spewed out by cars and power plants.

The back entrance to Kyoto's International Conference Centre offers no escape. There, Greenpeace, the environmental group which wants to replace fossil fuels with solar power, yesterday erected a dinosaur made of oil cans and spare car parts.

A banner summed up its view of progress in the negotiations so far: Dinosaur Diplomacy 1, Climate 0.

The 18-strong Greenpeace delegation had started the week with gentler tactics of persuasion by offering "free solar coffee" from a mobile kitchen generating electricity from sunlight.

Inside the conference hall, official negotiators rub shoulders with lobbyists pushing everything from



Climate change campaigners wearing masks of world leaders hold up a globe calling for a stop to "playing games with the planet". The World Wide Fund for Nature warned against turning the Kyoto talks into a "football" game.

nuclear energy ("Give them a Future Green with Energy"), to the lone case of the Japan Bicycle Promotion Institute, getting on your bike.

Thrown into the mix are 4,000 journalists. On call to help them around computers on loan for the conference are official "cyber-guides".

Occasionally, delegates retreat across the road for

consultations or snatches of sleep at the equally futuristic Takaragaki Prince Hotel.

This informs visitors its aim is to try to help save the planet with measures that include turning down the lights in corridors used by staff.

Guests are offered ¥2,000 (\$15) discounts for every day they agree not to have their

towels and sheets changed. Tomorrow, the not quite lost ark turns from publicity stunts to God.

Raul Estrada-Oyuela, the embattled Argentine chairman of the negotiations, is to lead an Inter-Religious Gathering on Climate Change at Kyoto's Kamiyama-ruchi cathedral.

Leila Boulton

## China attacks proposed gas curbs

By Leila Boulton, Environment Correspondent, in Kyoto

China yesterday launched a fierce attack on US-led efforts to force developing countries to discuss curbs on their greenhouse gas emissions.

Shunkong Zhong, the senior negotiator for China at the Kyoto climate change conference, said it was up to industrialised nations first to show they were serious about cutting their own fossil fuel consumption to combat climate change.

"Ours are survival emissions. Theirs are luxury emissions. They have two people to a car and yet they don't want us to ride buses," he said.

His attack was particularly aimed at the US, which has 4 per cent of the world's population but generates a quarter of its emissions.

The US position is inspired by a Senate threat to block any Kyoto treaty that does not include commitments for developing countries.

But Mr Zhong also noted it violated the legal mandate for the

talks, which was for developed countries exclusively to cut emissions by 2010.

The developing countries argue, with no quarrel from industrialised countries, that they should be allowed to increase their emissions to pursue economic growth. But New Zealand yesterday proposed that developing countries start discussing curbs on the growth of such emissions in 2002 for a 2014 target and the US wants to give them technology to grow in a more climate-friendly fashion.

Mr Zhong also responded in kind to a threat by Vice-President Al Gore that the US would "walk away" from the negotiations if it failed to obtain "meaningful participation" by developing countries in the accord.

He warned that the Kyoto conference could fail if the US and New Zealand pressed their demands.

Dan Reisman, a member of the US negotiating team, dismissed the Chinese attack as a "predictable" negotiating posture before the talks enter their final stage next week.

ISSUE OF £2,000,000,000

## 6½% TREASURY STOCK 2003

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER  
FOR AUCTION ON A BID PRICE BASIS ON 10 DECEMBER 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid  
With a non-competitive bid

Price bid  
£102 per £100 nominal of Stock

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 11 December 1997.

Auction of Stock  
1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

General  
2. This prospectus is issued under the arrangements described in the Information Memorandum for issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum") and in the Memorandum Relating to Arrangements for the Stripping and Reconstruction of United Kingdom Government Stock published by the Bank of England in October 1997 (the "Strips Memorandum"). The terms of the Information Memorandum and the Strips Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity  
3. The Stock will be repayable at par on 7 December 2003.

Interest  
4. Interest is payable half-yearly on 7 June and 7 December. Interest will accrue from 11 December 1997 (the issue date of the Stock) and the first interest payment will be due on 7 June 1998 at the rate of £3.1699 per £100 nominal of Stock.

Payments  
5. The due date for repayment of the Stock is not a business day and repayment will accordingly not be made until the next succeeding business day. Holders of Stock shall not be entitled to any further interest or other payment in respect of such delay. For these purposes, "business day" means any day which is not a Saturday, Sunday, Good Friday or Christmas Day, or a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971.

National Savings Stock Register  
6. The Stock may be held on the National Savings Stock Register.

FOTRA exemptions  
7. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 21 of the Information Memorandum (FOTRA stocks first issued after 29 April 1996).

Gross payment of interest  
8. Interest will be paid without deduction of income tax. However, stockholders on the Bank of England Register may elect to have UK income tax deducted from interest payments on application to the Bank of England.

Stripping  
9. Subject to the introduction of the official gilt strips facility, the Stock may be stripped and holdings of Stock reconstructed: paragraphs 6 and 7 of the Information Memorandum and the provisions contained in the Strips Memorandum therefore apply. The Bank of England announced on 3 October 1997 that it is planned that the official gilt strips facility will be available from 8 December 1997. Trading on a when-issued basis in the principal and coupon strips of 6½% Treasury Stock 2003 may be conducted from 8 December 1997 until close of business on 10 December 1997.

Methods of application  
10. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application  
11. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker) is £102 per £100 nominal of Stock.

Latest times for receipt of applications  
12. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.30 AM ON WEDNESDAY, 10 DECEMBER 1997 or lodged by hand at the Central Gilt & Money Markets Office, Bank of England, Threadneedle Street, London not later than 10.30 AM ON WEDNESDAY, 10 DECEMBER 1997. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.30 AM ON WEDNESDAY, 10 DECEMBER 1997.

Bids irrevocable  
13. Bids will not be receivable between 10.30 am on Wednesday, 10 December 1997 and 10.00 am on Monday, 15 December 1997.

BANK OF ENGLAND  
LONDON  
2 December 1997

### APPLICATION FORM FOR 6½% TREASURY STOCK 2003

Complete Sections 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate.

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND  
I/we apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 2 December 1997; the Information Memorandum for issues of British Government Stock dated 27 March 1997 (the "Information Memorandum"); and the Memorandum Relating to Arrangements for the Stripping and Reconstruction of United Kingdom Government Stock dated October 1997 (the "Strips Memorandum") as follows:

#### FOR COMPETITIVE BIDS ONLY (ie for Stock to be purchased at the price bid)

See notes (a) and (b) below.

Nominal amount of 6½% Treasury Stock 2003 applied for: £

Amount of Stock applied for: £100,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

Total amount payable per £100 nominal of Stock:

Amount required for payment IN FULL AT THE PRICE BID:

£

#### FOR NON-COMPETITIVE BIDS ONLY (ie for Stock to be purchased at the non-competitive sale price, as defined in the Information Memorandum)

See notes (c) and (d) below.

Nominal amount of 6½% Treasury Stock 2003 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000 nominal of Stock: £

Sum enclosed, being £102 for every £100 NOMINAL of Stock applied for:

£

#### FOR CGO MEMBERS ONLY

CGO Participant Number

Name of Contact

Telephone Number

#### FOR REGULATED FINANCIAL INSTITUTIONS ONLY (unless Section 3 applies)

Name of Registrar

Membership/Reference Number

Country/Territory of Registrar

### THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY (unless the applicant is a CGO member or is an EEA regulated financial institution, and Section 3 or 4 has been completed)

Full name and permanent address of each third party:

FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

If additional space is required, please continue on separate sheet.

### THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/we request that Stock sold to me/us be registered in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the first named holder at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the persons) on whose behalf I am/we are applying.

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION 3, we request that any Stock allocated to us be credited direct to our account at the CGO. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO Service from the Governor and Company of the Bank of England, Number 3 Account (Participant number 5183) by the deadline for such deliveries on 11 December 1997, and we agree that the consideration to be repaid in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY, I/we have obtained and recorded evidence of the identity of each person on whose behalf I am/we are applying, and I/we will on demand make such evidence available to the Bank of England or the relevant supervisory authority.

SIGNATURE(S) of, or on behalf of, applicant

Date

### DETAILS OF APPLICANT(S) (If not the persons in Section 3)

FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

£

£

### NOTES

(a) A competitive bid may not be made by an applicant as agent for any third party unless the applicant is a member of the CGO or is an EEA regulated financial institution.

(b) Except in the case of members of the CGO Service who have completed Section 3, a CHAPS payment must be sent to the Sterling Banking Office, Bank of England (Sort Code 10-00-00) for the credit of "New Issues" (Account number 58560009) quoting the reference "AUCTION", to arrive not later than 1.30 pm on Thursday, 11 December 1997. CHAPS payments must be debited to an account in the name of the applicant (or an account in the joint names of the applicant and one or more others) held with a bank or building society in the UK.

### REGISTRATION DETAILS

Stock may be registered in the names of individuals or a corporate body.

#### CAPITAL LETTERS PLEASE

Title Forename(s) in full Surname

Address

Postcode

Title Forename(s) in full Surname

Address

Postcode

Daytime Telephone Number (in case there is a query)

#### FOR BANK OF ENGLAND USE

Box No. 677 Exd. Transaction Number 163/

New Account No. Cert. Posted Date

The Stock will be registered on the Bank of England Register, unless you wish the Stock to be registered on the National Savings Stock Register (NSSR) (for which there is a maximum limit of £25,000 nominal of Stock) or at the Bank of Ireland, Belfast, in which case please tick the appropriate box.

NOTE: For holdings on the Bank of England Register, interest payments on this Stock will be paid without deduction of United Kingdom income tax unless the box below is ticked. I/we request that tax is deducted from interest payments on my/our holding of this Stock.

(c) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues"; and must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. The Bank of England reserves the right to require evidence of the identity of any applicant for Stock or of any person for whom an applicant is acting as agent. An applicant lodging an application form in person should bring evidence of identity bearing the applicant's photograph (for example a passport) and evidence of the applicant's name and address from a third party, for example a recent bill from a gas, electricity or telephone company or a bank or building society statement.

(d) The procedure for any refund, or further amount payable, is set out in the Information Memorandum.

(e) The terms on which this Stock may be stripped and reconstructed are contained in the Strips Memorandum.

## NEWS: INTERNATIONAL

Policy would require radical amendments to Oslo accords

## Sharon plans West Bank security ring

By Judy Dempsey  
in the West Bank

Ariel Sharon, Israel's influential infrastructure minister, yesterday announced detailed plans for security zones which, if implemented, would form a ring around the West Bank and would radically amend the Oslo peace accords.

The plan entails Israel drawing an internal security zone 10km wide along its pre-1967 borders to the east and a 20km-wide zone along the Jordan river. Both zones would be linked in the north and south of the West Bank.

The two security zones, said Mr Sharon, would provide Israel with an internal buffer zone against infiltration and a border with Jordan to prevent Palestinian destabilising the Kingdom of Jordan. He insisted the area in which Palestinians would live between the two zones would be an "open one with free movement".

However, it is clear from the maps that the Palestinians would not have a continuous land mass. Their towns and villages would be cut off from one another, like separate cantons, and would be surrounded by the Jewish settlements.

Mr Sharon, who displayed the maps during a tour of the West Bank, said the plan was his security zones to Washington during a recent visit. He added he had the full backing of the Israeli government, which is hardly surprising since it would appear most, if not all, of the Jewish settlements would remain intact.

The maps are the clearest indication to date that the Israeli government, led by Benjamin Netanyahu, is redrawing the demarcation lines set out in the 1995 Oslo Interim Agreement for Israel's future borders and a Palestinian state.

Mr Sharon said that if the government adhered to the Oslo accords signed between Israel and the Palestinians, "We would find ourselves very soon on the Green Line [Israel's 1967 borders] and the Palestinians would be on the Jordan River."

The PA currently controls only 3 per cent of the West Bank, or Area A, while Israel controls 76 per cent of Area C which is under its complete control. In the remainder, Area B, the PA runs civilian affairs and Israel handles security.

The accords envisaged Israel granting the Palestin-



ians autonomy combined with three Israeli troop withdrawals from the West Bank. But Mr Sharon admitted the accords required "some adjustments and corrections", the first time a minister has publicly admitted the government's intentions of doing so.

The zones, which Mr Sharon insisted were the "minimum requirements" for guaranteeing Israel's security, mean that future troop pullbacks would be limited in scope since they would be restricted by the two security zones.

Israel, he said, would have "full control of security in both zones". And if part of those zones were in Area B, where currently the Palestinian Authority runs civilian affairs and Israel runs security - the region would always remain under Area B. These zones would "never", he added, pass to Area A, as envisaged by the Oslo accords, in which the PA would exercise full control. "Israel will have the Jordan River for ever and Israel will hold on to its security zones for ever," said Mr Sharon.

Instead, Israel would press ahead with two troop pullbacks - outside the two security zones - but only when Yasser Arafat, PA president, fulfilled his commitments to the Oslo Accords (even though Israel wants to redraw the boundaries of those accords).

Yesterday during talks in Paris between Mr Netanyahu and Madeleine Albright, US secretary of state, there was no indication when and how much land Israel would hand back to the Palestinians.

Mr Netanyahu said the cabinet needed more time to discuss the proposals, adding that the Palestinians would have five months to assure security in those areas before assuming control.

## Stock options the key to divorce deal

John Authers on what corporate wives might expect in the division of valuable future assets

A 450-page legal opinion from a Connecticut judge this week brought to a close the most acrimonious and heavily publicised US divorce case in years.

The court and the American public heard much emotive testimony from both Gary Wendt, chief executive of GE Capital, financial services arm of General Electric, and Lorna, his loyal wife of 30 years.

But in a development which speaks volumes about the current state of wealthy Americans, the outcome turned out to hinge on an arcane dispute over how to value stock options. It highlighted how dependent many US executives have become on their own company's market performance, as the vogue for giving them incentives with share options has gathered pace.

All sides agree that the sums involved are huge. Mrs Wendt was originally offered a settlement worth about \$10m, and her lawyers estimated that her eventual award was worth more than \$20m.

But the judgment is so complicated that both sides have claimed victory. Lawyers for Mrs Wendt said "boys in the boardrooms" would be "really unhappy", and added: "One point we were trying to make is that these valuable future assets are marital property, subject to division."

Mr Wendt's statement after the trial also made clear that stock options had been the central issue. He said: "Despite the extensive publicity to the contrary generated by Mrs Wendt, the principal issue in this case was not the relative contribution of the non-working

spouse versus the working spouse, but rather the division of future earnings."

Divorce lawyers suggested that Mr Wendt was probably the happier. According to Arthur Balbirer, a Connecticut divorce lawyer, and former president of the American Academy of Matrimonial Lawyers: "I would make a prediction that Gary Wendt is doing hand-stands at this point, and so are many other corporate executives. He didn't give her anything near 50 per cent of the value of those stock options, and there's no reason for hysteria among corporate executives."

Mr Wendt started his attempt to divorce Lorna, his childhood sweetheart, more than two years ago. She insisted on forcing the issue to trial, in an attempt to test the concept that a marriage should be

regarded as an economic partnership of equals.

The US was captivated by the tale of a "corporate wife" who provided the wages to help her husband through Harvard Business School, and who then received a PHT ("Putting Hubby Through") degree from the dean's wife.

She ceased salaried work early in her husband's career at General Electric. But she told the court that she had performed invaluable services for Mr Wendt, on one occasion holding a dinner party for 12 people, on a few hours' notice, the week after she had given birth to the couple's first child.

The problem, according to Mr Balbirer, is determining the future value of a volatile instrument. Mr Wendt's options in GE, one of the

strongest performing US companies, have roughly doubled in value since the couple separated. His contention was that assets whose value depended on his performance after the divorce should not be part of the settlement.

The issue will not go away. And a survey of the most affluent 1 per cent of Americans carried out by US Trust last month revealed that for more than two thirds of them their greatest anxiety was that "too much of my net worth is tied up in my company's stock".

It found that typically stock options accounted for more than a third of corporate executives' wealth, and that they were alarmed that this made it difficult to plan for the future. The Wendt case is unlikely to allay these concerns.

## Hedge funds worsened crisis, says Cardoso

By Edward Luce in London

Fernando Henrique Cardoso, the president of Brazil, yesterday said international hedge funds had exacerbated the recent global financial crisis by adding to the volatility of markets.

Mr Cardoso, who was speaking at the end of a four-day state visit to the UK, said there were "no rules" governing offshore funds. This had heightened the volatility of capital flows in the global markets crisis in late October.

Mr Cardoso said that investors in hedge funds should be given more information to be made aware of the risks of making such investments. Hedge funds - and other leveraged investment funds - borrow money at cheap rates and invest it in higher-yielding instruments. This opens them to accusations of being "footloose" when the market goes into a downturn.

"This is not a matter of defending the re-regulation of global finance but merely of pointing out the need for governments and societies to be able to avoid damage that can be caused by periods of turbulence in the international markets," said Mr Cardoso.

The president's remarks follow widespread unease in emerging markets about the events of the last six weeks. Many officials in Latin America and eastern Europe felt that their currencies and the price of their international bonds were unfairly penalised by offshore investors in the wake of the currency turmoil in south-east Asia.

Earlier in the week, Mr Gustavo Franco, governor of Brazil's central bank, said the Brazilian economy had been made more vulnerable by having liberalised its capital markets. Speaking to an audience of British executives in London, Mr Franco said having an "open capital account" had actually heightened volatility during the crisis. This was in spite of the fact that Brazil had been advised it would have the opposite effect.



President Cardoso at a London conference early this week: 'No rules' governing offshore funds.

Brazil raised its short-term interest rates to more than 40 per cent to stave off speculative attacks on the Real in the aftermath of the crisis in late October. The country was also one of

the worst affected in the international bond markets, with the price of its benchmark dollar bond plummeting by almost 25 per cent in one trading session alone.

## Islands to fight in EU trade talks

By Pascal Fletcher  
in Havana

Caribbean government and business leaders have signalled they will fight to protect the interests of their vulnerable island economies in negotiations with Europe on trade and co-operation.

The Fourth Lomé Convention between the European Union and 71 African, Caribbean and Pacific (ACP) states expires in 2000. Formal negotiations on a successor agreement start next September.

Meeting in Havana, Caribbean representatives voiced concern about recent EU proposals to put relations with the ACP group on a new footing. Europe is generally calling for a gradual move to reciprocal and free trade partnerships compatible with World Trade Organisation rules.

ACP leaders have recognised the need to promote fair international trade but have called on the EU to maintain non-reciprocal trade preferences and market access, including preferential commodity protocols, in any successor agreement.

The Caribbean's chief trade negotiator, Sir Shridath Ramphal, said the Lomé Convention was "a very precious relationship that needs to be cultivated, not diluted and thinned away". He criticised an EU proposal to have economic partnership pacts with each of the three ACP regions within a future accord.

Yasu Persaud, chairman of the Caribbean Council for Europe, which organised the Havana meeting, said he was worried about suggestions in Europe that development co-operation should concentrate on the poorest countries and that middle-income developing nations such as those in the Caribbean should be gradually taken out of aid.

"This is short-sighted and dangerous... It cannot be right that small island states such as ours should be expected to have to compete with vastly larger developed nations without an adequate period of transition," he said.

Several speakers in Havana expressed alarm at a recent WTO ruling upholding a complaint by the US and four Latin American banana producers against the EU banana import regime, which protects small Caribbean producers.

Francisco Grannell of the European Commission's Development Directorate said the EU would try to maintain fairness and justice in negotiations. Present EU proposals see a rolling over of Lomé preferences until at least 2003.

## Iraq halts oil flow in bid for UN deal

By Laura Silber in New York

Iraq yesterday stopped pumping oil under the United Nations oil-for-food scheme. Until the UN approves a new plan for the distribution of food and medicines.

Nizar Hamdoun, Iraqi ambassador to the UN, said Baghdad wanted the Security Council to approve the distribution plan before we start pumping oil. Diplomats and observers played down the significance of the Iraqi decision, calling the move a "negotiating tactic" in the continuing dispute over the terms of the oil-for-food deal.

Baghdad's decision came just a few hours after the Security Council unanimously voted to renew the oil-for-food deal, which allows Iraq to export \$2bn dollars worth of oil every six months to buy food and medicine. It gave Iraq a month to put forward a revised distribution plan.

In spite of Iraq's reservations, Mr Hamdoun said Iraqi authorities would work with the UN to comply with the Security Council resolution to come up with a revised distribution plan by January 5. "We will do our best," he said.

In spite of pleas by humanitarian agencies, the 15-member Council delayed a decision on increasing the amount of oil Iraq can export to alleviate its deteriorating humanitarian situation pending a report by Kofi Annan, the secretary general, at the end of January.

Russia and France believe the present figure for oil exports should be doubled to \$4bn every six months. Most Security Council members and UN officials admit that the programme so far has failed to ease the suffering of the population, hard hit by seven years of sanctions.

But the US and Britain were reluctant to give the impression that the Council was rewarding the regime of President Saddam Hussein so soon after the crisis over UN weapons inspections and refused to increase the amount of oil Iraq can sell.

Iraq in October provoked the crisis by expelling UN members from the UN weapons inspection teams, charged with dismantling Baghdad's arsenal of weapons of mass destruction and their production facilities.

Richard Butler, chairman of the UN disarmament commission, is due to travel to Iraq next week to press for unimpeded access to suspected weapons sites and more information about missiles, biological and chemical weapons, in particular the lethal VX.

Oil prices, Page 8

## Tennis tackles its tournament tangle

The Association of Tennis Professionals has finally moved to streamline its tangled array of tournaments and titles. Although its proposed restructuring of the men's professional tennis world, which takes effect in 2000, is evolutionary rather than revolutionary, it may not have gone far enough.

The ATP envisages a Super Tour of seven tournaments for men and women, alongside the four Grand Slams, in which everyone eligible would have to compete. The top 50 men would also have to play in four second-tier tournaments. A new ranking system would become a points race similar to Formula One's championship race, beginning in January and ending in November

with a world championship.

The changes would represent a big advance. The public, bemused by the rankings and the plethora of meaningless events, would at last be able to understand how professional tennis works.

Persuading the players that change is needed if tennis is to survive in the ever more competitive field of sport has not been easy. Drawn-out talks between the ATP Tour chief executive, Mark Miles, and the chief operating officer, Larry Scott, with the constituent bodies continue still.

The men's Player Council has now approved the master plan, in spite of the earlier misgivings among European players that the reforms would mean too much top-level tennis being played in

the US, and not enough on clay courts which are the Europeans' speciality.

"We slowed down the process and allowed the politics to catch up," explains Mr Scott. "Sure enough, when they elected the Player Council it turned out they'd selected some pretty reasonable European players - men like Tim Henman, Magnus Larsson and Javier Sanchez - who were not militant or anti-American and had a broader perspective."

It has also been grudgingly accepted by tournament directors, many of whom see a bleak future for all but the lucky seven that are in the "super" series.

There is also agreement that the venue for the world championship should change each year; that the sale of

commercial rights for the "super" series should be centralised; terrestrial television coverage of the series should be the priority; and players should be more accessible to the media.

The ATP would like much closer collaboration with the women's tour. Yet, significantly, the Women's Tennis Association tour board has not yet approved the plans.

The main reason is that the women are terrified of being swamped by the men. They are reluctant to face the commercial reality that their version of the sport does not attract as much support from sponsors and the media.

But as they search for a new tour sponsor to replace Corel, there is an uncomfortable realisation that perhaps

they should go along with the proposals. As the retiring WTA president, Anne Person Worcester, guardedly puts it: "While the tour is further developing its own strategies to continue to strengthen women's tennis, it is open to consider any proposal from the ATP Tour at the appropriate time..."

The real problem tennis faces in competing with other sports is that, except for the Davis Cup and Federation Cup, it is not a team sport.

One only had to witness the patriotic euphoria in Lyons in 1991, when Yannick Noah's French team beat a US side containing Sampras and Agassi, to glimpse a brighter future.

John Barrett

## Mexico seeks to sell \$45bn bad loans back to banks

By Leslie Crawford  
and Stephen Fidler  
in Mexico City

The Mexican government, which relieved commercial banks of \$45bn of bad loans during the 1995 economic crisis, is exploring ways to allow banks to buy back those loans at big discounts, according to finance officials.

The crisis, marked by the devaluation of the Mexican currency, a deep recession and high interest rates, triggered an avalanche of loan defaults which threatened to sink the country's recently privatised commercial banks. To save them, the government assumed almost half the banking system's loans and put them in a central bank trust, known as Fobaproa.

At first, finance officials

Government-held assets will be offered to banks at a discount next year in order to encourage more equitable debt restructuring agreements

believed they would be able to recoup part of the cost of the bank rescue by auctioning the assets in Fobaproa's books. But the difficulty of marshalling hundreds of thousands of credits and the absence of a secondary market for trading bank loans in Mexico have forced them to change their approach.

In theory, commercial banks remained responsible for managing their bad debt portfolio even after it was transferred to Fobaproa. But there was little incentive to do so.

Finance officials said government-held assets would be offered

to banks at a discount next year in order to encourage more equitable debt restructuring deals between creditors and clients.

"What we are exploring right now is how this discount can benefit the debtor," one finance official said. "The sooner we can shift these loans back to the banking sector, the sooner consumers and businesses will be able to start borrowing again."

Also starting next year, banking regulators say they will require commercial banks to begin provisioning against the bad loans sold to Fobaproa from the third quarter of next year. Mexican banks

have already been required to set aside almost \$8bn against non-performing assets which were not transferred to the government.

But finance officials said they hoped this additional provisioning - equivalent to 2.5 per cent a year of the amount Fobaproa paid the banks to take over the loans - would encourage banks to be more diligent in the management of the bad loan portfolio sold to Fobaproa.

Mexico's bank bail-out has become a hotly debated issue since opposition parties won control of Congress in elections last July. The Chamber of Deputies

has set up an inquiry into the terms of the rescue, which is popularly believed to have benefited banks at the expense of debtors. Militant debtors' groups have gained tens of thousands of followers since the 1995 financial crisis, and are lobbying for more lenient repayment terms on mortgages and consumer loans.

To escape the wrath of debtors' groups, finance officials say they will start transferring next year the management, collection and sale of debts to private-sector credit servicing companies. These servicing companies may pay an equity stake to take over the

loans and will be expected to share with the government whatever they recover. The first package of 6,000 loans, of about \$300m face value, is expected to be tendered in April.

Of the \$45bn of assets in Fobaproa's books, about \$23bn correspond to hundreds of thousands of consumer credits, mortgages and loans to small businesses which the government hopes to sell back to banks, or asset managers. The remaining \$22bn corporate loans, commercial paper and other kinds of debt pertain to 4,000 subsidiaries of 550 big corporations and need separate treatment.

In the case of large corporate loans, finance officials say they are working out schemes to refinance or capitalise debt in order to prepare companies for sale.



## Beef farmer protests may block extra financial aid

By George Parker and Juliette Jovitt

Beef farmers picketing British ports were warned yesterday that their action could make it impossible for ministers to give the industry extra financial support.

Jack Cunningham, agriculture minister, has asked the Treasury to consider extra support for hill farmers, but the government says it will not bow to the type of direct action used by their French counterparts.

"There is no way that we could be seen to be giving in to people who are breaking the law, not least for presentational reasons," said Mr Cunningham's political adviser.

The warning came as farmers stepped up their pickets of ports across the UK, in an attempt to stop imports of cheap Irish beef.

The Welsh National Farmers' Union said it would maintain 24-hour pickets at Holyhead, Pembroke and Fishguard, in west Wales, while up to 2,000 farmers were expected to blockade the Scottish ports of Stranraer and Cairnryan this weekend. Although the National Farmers Union says the demonstrations will be peaceful, some officials privately claim that the publicity surrounding quayside confrontations is helping their cause.

Mr Cunningham, supported by Donald Dewar, Scottish secretary, and Ron Davies, Welsh secretary, wants to focus support on hill farmers, who have suffered most from the recent fall in beef prices. Ministers fear that this week's announcement of a ban on beef on the bone could exacerbate the situation, but the Treasury is resisting any increase in overall public

Tony Blair, prime minister, said yesterday that Britain would "maintain the rule of law" in the farmers' dispute. But he added: "We fully understand the distress and difficulties of farmers and we have been working to assist them."

He made his comments at the launch of Britain's presidency of the European Union at the Eurostar terminal in London's Waterloo station yesterday. The Eurostar train runs through the Channel tunnel between Britain and France.

He said the UK's logo - which was partly designed by children of the 15 member states - summed up his message that Europe needed to work together to tackle its problems. Britain, he stressed, had the opportunity to help build a "people's Europe" because the indecision, vacillation and anti-Europeanism of the past had gone. The presidency would work to ensure that economic and monetary union was launched successfully, he said.

spending. Mr Cunningham is considering extra help through the hill livestock compensatory allowance and could make an announcement as early as next week, if the port blockades subside.

The continuing demonstrations at British ports could result in claims for compensation from hauliers, the Road Haulage Association said yesterday.

Yesterday the unrest spread to the west country, where 250 farmers laid siege to the St Mary's meat processing factory in Cornwall, protesting against the use of Irish imported beef. The company supplies Tesco supermarkets.

## Consumers take the driving seat

John Griffiths examines factors which may be reshaping the car industry

A prediction by Richard Palmer, chief executive of car dealer group European Motor Holdings, that Volkswagen will overtake Ford, Vauxhall and Rover to become UK car market leader within a few years, has been greeted by most industry observers as wide of the mark.

His opinion is claimed to be merely provocative or influenced by the fact that EMH has no Ford or Vauxhall dealerships among its 51 outlets. But Mr Palmer insists that the exclusion of Ford and Vauxhall is deliberate. He says the profit potential for dealers is declining and that by including seven VW and three Audi outlets, EMH is simply showing foresight on behalf of shareholders.

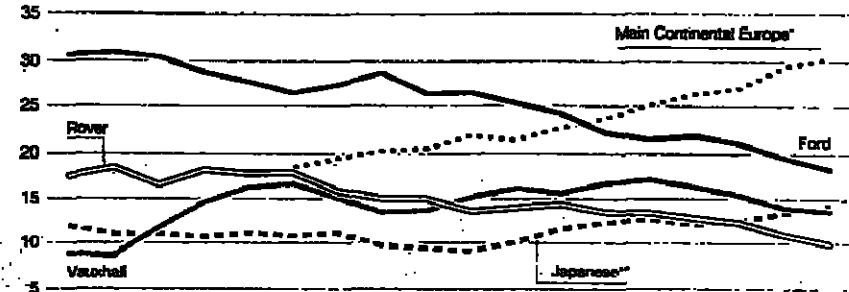
That he even made the remarks highlights changes which have already severely eroded Ford's long hegemony. They were underlined by November's new car registrations this week showing Ford's rivals close at its heels.

Taking shape is a much more diffuse market, with more players sharing available sales. The change is evident in large shifts in market shares, particularly Ford's. The company whose Fiesta, Corsaria, Escort and Granada of the 1970s were synonymous with the desire for mass car ownership has seen its 30 per cent-plus market share cut to about 18 per cent.

Vauxhall, ranked second, is only about 3.5 percentage points behind. The gap was once more than 20 points, yet Vauxhall's share has also slipped this year, to under 14 per cent. Rover's is

### Car wars: the Europeans build up speed

Share of new car market (%)



now in single figures after being more than 20 per cent in the 1970s.

Motor industry guru Professor Garel Rhys, of Cardiff Business School, says Ford, Vauxhall and Rover could only have slowed the slide, not prevented it. Why?

In the early 1980s, half the market comprised fleets chosen by managers typically picking one brand - usually Ford; the balance was almost exclusively Vauxhall and Rover. All were saloons,

estates and hatchbacks - the standard fare. Continental makers' sales were mainly to private buyers.

But there were also many devotees of the reliability of Japanese cars - enough to give Japan 11 per cent of sales and worried domestic carmakers an Anglo-Japanese gentlemen's agreement preventing imports going higher. Japan's determination to get round this by building transplant factories has proved pivotal to subse-

quent events. Nissan, Toyota and Honda introduced working practices and quality standards unmatched in Europe, and demanded the same of their suppliers. The culture has since permeated most European car and component makers.

Other preferences have come back into play, notably aesthetics, which many consumers feel European companies do best. Result: Citroen, Fiat, Peugeot, Renault and VW are enjoying a

strong revival, taking ever greater sales from the big three whose historically large market shares made them most vulnerable.

New Asia-Pacific players have added to the erosion: Korea's Daewoo, Hyundai and Kia; Malaysia's Proton (Groupe Lotus owner) and Perodua. Together they sell 55,000 cars a year - easily compensating for the collapse of franchises sophisticated UK consumers now shun, like Lada.

The reward for Toyota, Nissan and Honda for upgrading Europe's industry is to make their own going much tougher.

Philippe Schwarz, managing director of consultants DRI Europe, says fragmentation will continue, not least because the company car sector increasingly comprises drivers given much more say in the cars they drive, the so-called user-choosers.

Is Mr Palmer's scenario, then, out of the mark? In reality, most industry analysts think Ford's long slide is bottoming out. Nor is VW as bullish as Mr Palmer. Robin Woolcock, UK head of VW, says DRI's forecast that VW group, including Audi, SEAT and Skoda, will reach about 9.5 per cent by the end of the decade "sounds about right".

The concept of domination by any company, says Prof Rhys, has become obsolete. "Big market shares are the remnants of history," he says. "Competition will become even closer and choices even wider. The future for consumers is, in fact, fantastic. They will be more than king; they will have the power to be despotic."

## US credit card group seals \$50m investment

By Christopher Brown-Humes and Richard Wolfe

A US credit card group last night unveiled plans to set up a European operations centre in Nottingham, creating up to 900 jobs in the biggest investment in the east Midlands for six years.

The investment by Capital One, one of the largest credit card issuers in the US, was announced by Margaret Beckett, secretary for trade and industry. Capital One said the \$50m (£50m) centre would help it service its fast-expanding UK customer base and provide a springboard into continental European markets. Nigel

Morris, Capital One president, said: "As our first overseas operations centre, this is a significant milestone, and clearly indicates that we are committed to developing a long-term presence in the international financial services industry."

He said Capital One had considered a number of European Union sites but settled on Nottingham because of its "highly qualified workforce, business environment, and excellent transport links."

The group, based in Falls Church, Virginia, began operating in Britain in 1996 and is one of several aggressive US credit card companies to have intensified competition in the UK.

## Irish PM in row over old claims to North

By John Murray Brown in Dublin

A row has broken out between David Trimble, leader of the Ulster Unionist Party, the largest pro-British party in Northern Ireland, and Bertie Ahern, the Irish prime minister, over his government's refusal to recognise British sovereignty over Northern Ireland as part of an overall political settlement.

The UUP leader was responding to comments by the Irish Taoiseach (leader) in a Financial Times interview, in which Mr Ahern said there would not be an explicit recognition that Northern Ireland was part of the UK in any changes to the Irish constitution.

Mr Trimble described the comments as "unhelpful and destabilising," and called for clarification of the proposed amendments to articles 2 and 3, which unionists saw as a claim of both territory and jurisdiction over the island's northern six counties.

Mr Trimble said the prime minister's remarks were "high on rhetoric and low on detail."

He said: "What is required from Mr Ahern is a clear statement of what he sees as being the reciprocal requirement for the removal of articles 2 and 3."

Mr Ahern, speaking on arrival at the relaunched Forum on Peace and Reconciliation in Dublin, insisted there was nothing new in his reported remarks. He repeated that any amendments to the constitution would form part of an overall settlement.

Article 2 defines the Irish nation as the island of Ireland and its adjacent islands, while article 3 declares Dublin's constitutional right to jurisdiction over Northern Ireland, "pending the reintegration of the national territory."

### UK NEWS DIGEST

## Chancellor calls for IMF deal

Gordon Brown, the chancellor of the exchequer, yesterday urged rapid agreement on proposals for a new facility that would allow the International Monetary Fund to lend large sums of money to countries facing financial crises.

In a speech to the British-American Chamber of Commerce in New York, Mr Brown said the new facility "would combine larger amounts with shorter repayment schedules and a higher interest rate charge than usual". He added that new lending arrangements should also be considered for the World Bank.

The IMF has already lent much larger sums than its normal rules would allow to Mexico, Thailand, Indonesia and South Korea. The proposed new facility would put such arrangements on a more formal and less ad hoc footing.

Robert Chote, London

### ELECTRICITY COMPETITION

#### Regulator predicts delay

The planned start date for the beginning of retail electricity competition, in April 1998, "looks increasingly difficult to achieve", Stephen Littlechild, the electricity regulator, has told the government and industry. He has asked his external advisers to report to him by January 15 on the industry's readiness for competition.

Professor Littlechild this week told a quarterly meeting of a 1998 co-ordination committee he chairs that the volume of changes required to key designs for the competitive market meant a delay might be needed. At the centre of the problem is the redesigning of the "baseline design" for the competitive market. This sets out how electricity companies interact with the Electricity Pool, from which they buy electricity, to the protocols needed to transfer customer data between companies. Industry chiefs speculated that a delay of three months was possible, but six months was more likely.

Simon Holberton, London

### BRITISH MUSEUM

#### Trustees consider entrance fee

The trustees of the British Museum will today debate the introduction of admission charges. The 245-year old museum faces a cash shortfall of almost £3m (£5m) and raising revenue from an entrance fee is regarded as the most practical means of bridging the gap.

The decision of the trustees is being closely followed by the directors of the other leading non-charitable museums, in particular the Tate Gallery, the National Gallery and the National Portrait Gallery. If the museum introduces charges, the Tate is likely to follow suit. However Neil MacGregor, director of the National Gallery, remains resolutely opposed to entrance fees. A £22.9m provisional grant has been fixed by the culture department for next year.

Antony Thorncroft, London

### SOTHEBY'S AUCTION

#### \$737,000 for Brahms manuscripts

The manuscripts of the last two chamber works composed by Brahms sold for \$737,000 (£737,305) at Sotheby's in London yesterday to a London dealer. The price was slightly below estimate but set an auction record for a Brahms manuscript. The two sonatas for piano and clarinet cover 67 pages and were composed in 1896 when Brahms was 61 and in semi-retirement. They were given to Richard Mühlfeld, a friend of the composer and the greatest clarinetist of his age. The manuscript had remained with the Mühlfeld family until yesterday.

Antony Thorncroft, London

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## FINANCIAL TIMES

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Saturday December 6 1997

## Asian models trip up

As the economies of Asia have struggled to overcome their currency and banking crises, western punditry has been busy pronouncing the death of the Asian model.

No matter that there were several Asian models, or that some economies in the region are still in relatively robust shape. In the popular imagination Asia is to blame for putting the insecurity into western labour markets. Hence the element of *schadenfreude* in much comment on the region.

Such feelings underestimate the complexity of the labour market problems of the developed world. They also underplay the industrial might of the biggest economies of Asian flu, Japan and South Korea. The seeds of corporate recovery have already been sown by devaluation. Some of the world's most competitive companies have become even more competitive as a result of the currency turmoil.

The same is not true, however, of the region's banks. Here there are two separate problems. One concerns Japan, where in the aftermath of the bubble economy the authorities prematurely curtailed fiscal expansion and were too slow to confront the plight of insolvent banks. The other stems from the consequences in the rest of Asia of unsustainable exchange rate policies and poorly supervised banking systems.

What is clear, in the wake of the crisis of confidence in the Japanese financial system and the IMF's rescue package for South Korea, is that the use of banking systems as an instrument of industrial policy is no longer a sensible option.

As Federal Reserve Board chairman Alan Greenspan remarked this week, government-directed production and finance can help deliver vigorous growth when economies are in the catch-up phase and protected by exchange and capital controls.

### Catastrophic effects

But once the gap narrows, it becomes harder for bureaucrats and politicians to administer their more complex economies – especially if the exchange controls go and the country runs a current account deficit.

As South Korea found, even partial liberalisation can have catastrophic effects. By allowing highly borrowed companies to accumulate foreign currency debt when an undercapitalised banking system was incapable

of providing adequate supervision, the country condemned itself to financial disaster.

The post-war Japanese system depended on subsidies from savers to industry and on the use of equity to cement corporate relationships. This became potentially unworkable when savers were given access to a global capital market that offered genuinely commercial returns. Already the banks are unwinding their equity holdings in industry. The oddity is that portfolio diversification has to date been so modest.

### Managerial failure

This raises important questions about the future of corporate governance. In Japan the banks have played a vital and effective role in addressing managerial failure within the industrial groupings known as *keiretsu*. Today they no longer have the incentive to do so. Since cross-holdings of equity are unwinding, it is possible that Japan may now move closer to the US system, where hostile takeovers provide the ultimate sanction for underperformance.

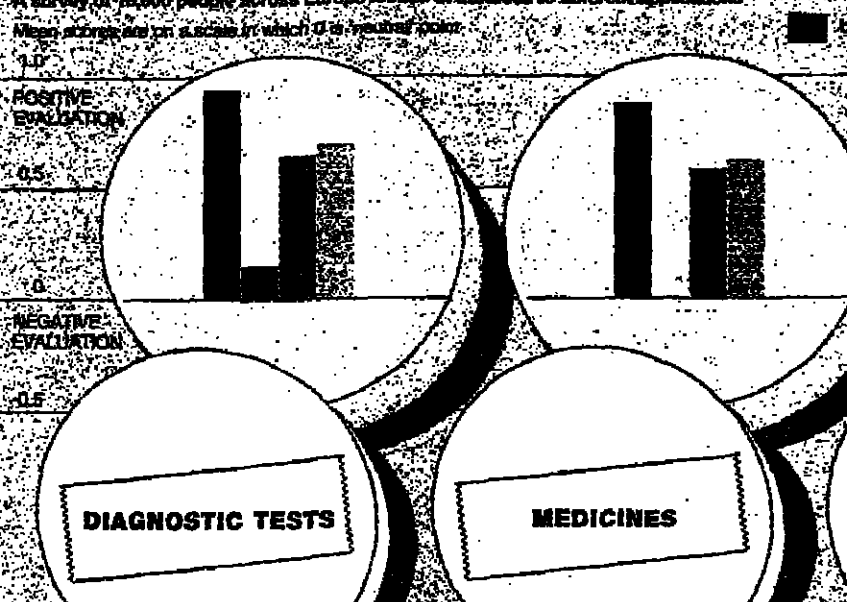
Korea is a different matter. Not only are capital markets less developed, it is also still an instinctively dirigiste country. Yet the conditions of the IMF package militate against adoption of the German post-war model of universal banking to compensate for weak markets – and rightly so. Japan has just demonstrated that relationship banking, in which equity stakes fluctuate in value day by day, makes for systemic instability unless macro-economic policy is unwaveringly sound.

In the long run there is probably no escape from full liberalisation of capital markets. But in recapitalising their banking systems many Asian countries will probably be tempted to restrict the voting rights they offer to foreigners. Western investors will then have to decide whether market valuations adequately discount the corporate governance handicaps in Asian economies.

Yet this is in the future. The pressing questions for investors today are whether Japan can steer its way out of its economic and financial crisis, and whether the US and Europe will import all Asia's newly competitive products and services without protest. The omens on the first score are looking better. On trade, recent protectionist rumblings in the US are altogether more ominous.

## Europe's ambivalence to genetic technology

A survey of the views of scientists and the public on genetic technology in Europe



## A wolf in sheep's clothing?

Clive Cookson and Daniel Green examine the ethical debate about genetic research triggered by Dolly the cloned sheep



Imagine that scientists discover a gene, spread widely through the population, that encourages violent behaviour. Politicians make it compulsory for every pregnant woman to take a test for the gene and to have an abortion if it is present in the embryo.

Many people have in mind that sort of fantasy – or else the genetic engineering of "designer babies" with enhanced beauty, intelligence and athletic abilities – when they express moral doubts about the current exploration in genetic research and its future applications.

What is happening in the real world today, however, is a striking contrast to such eugenic nightmares. Genetic testing, combined with selective abortion, is already eradicating inherited disease but in ways that appear to meet with public approval and to avoid excessive coercion.

Perhaps the best example is in Cyprus, where before the 1980s more than 50 babies a year were born with thalassaemia, a severe blood disorder that is particularly prevalent in some Mediterranean populations. Now every Greek Cypriot takes a genetic test before getting married; the Orthodox church requires couples to produce test certificates before their wedding.

If both man and woman are carrying the thalassaemia gene, a counsellor tells them that any baby they produce has a one-in-four chance of developing the disease. Almost every couple then takes an antenatal test and has an abortion if the result is positive, though this is not compulsory. As a result there are now just one or two thalassaemic babies born on the island a year.

Bernadette Modell of University College London, who pioneered genetic testing for thalas-

saemia, says, on the basis of her experience: "I am very encouraged by the responsible and loving way in which people react [to genetic testing]."

"We can trust them to do the right things, so long as they are provided with enough clear information," she says. "I get rather frustrated by all the talk about ethics, when there is so much need for better information and education about genetics."

Not everyone takes such a relaxed view of the new genetics. The birth of Dolly, the cloned sheep, in Scotland triggered a wave of ethical concern this year about the potential cloning of genetically enhanced human beings – although no scientist has expressed any intention of working in that direction.

This week, for example, Paul Rainsbury, a London fertility specialist, warned that a US clinic planned to offer infertile couples a selection of embryos with particular characteristics for implantation. "By condoning, or merely accepting, this development, mankind is embarking on the slippery slope towards offering designer babies and, worse, towards the start of creating a master race," he says.

Governments have set up rafts of advisory and regulatory bodies. Their mission is broadly to ensure that genetic research is applied in accordance with ethical principles, and to prevent unacceptable practices which could range from genetic engineering of human embryos to discrimination by employers.

George Poste, chief scientist at SmithKline Beecham, the Anglo-US pharmaceutical group, applauds their activities: "Science and medicine need to understand that genetics has a very powerful impact on the public imagination, so it is important to have strong oversight mechanisms to ensure that this technol-

ogy is being examined properly." Dr Poste says the UK has set up a more comprehensive monitoring system than any other industrialised country. Its main components include the Human Genetics Advisory Commission, the Human Fertilisation and Embryology Authority, the Advisory Committee on Genetic Testing and the Gene Therapy Advisory Committee.

John Battle, the science minister, announced last week that the next stage would be to organise more extensive public consultation exercises during the next year. "My worry is that the pace of scientific change is outstripping the pace of the ethical and political discussion. We have to get the public debate up to speed," he says.

In the US, a particular focus is legislation to ensure the privacy of genetic information and to outlaw "genetic discrimination" by insurers and employers. So far, 42 states have introduced such legislation.

The US biotechnology industry has approached the ethical questions raised by genetic research with the gusto of a consumer goods company positioning a brand. The work of the Washington-based Bioindustry Association (BIO) includes running public focus groups.

"The focus groups include people from Massachusetts to California, urban and rural, highly educated and those without even a high school diploma," says Carl Feldbaum, BIO president.

"People have strong views, but there is a basic consensus," says Mr Feldbaum. "To cure disease, genetics is fine. But the line gets crossed at cosmetics. You're playing God. The view is that curing Alzheimer's is one thing but raising IQ is just not right."

Steven Holtzman, chief business officer at Millennium Pharmaceuticals and the biotechnology industry's representative on President Clinton's National Bioethics Advisory Commission, says: "We had to ensure responsible use of the technology. We issued a set of principles, mainly in genetic testing and privacy, and we supported legislation to stop discrimination on the basis of genetic information."

The situation in Europe is different in several ways. Firstly, the industry takes a lower key approach, partly because it has less money for lobbying. Secondly, the threat that people carrying "bad genes" could be denied health insurance is far less potent in Europe, where the public sector underpins healthcare. And, thirdly, Europeans seem generally more wary of biotechnology than Americans.

The European Commission's recent Eurobarometer study showed people more in favour of using genetics to improve human health than in agriculture (see above). But the study team concluded: "Large sections of the European public are deeply ambivalent about modern biotechnology. The prevailing focus of this ambivalence appears to be moral, a collection of anxieties about unforeseen dangers that may be involved in a range of technologies that are commonly perceived to be 'unnatural'."

Some people in the industry think this results from their low-profile propaganda compared with environmentalists' groups. "It is an issue of public perception, because ethics committees and up thinking what is in the newspapers," says John Padfield, chief executive of Chiroscience and chairman of the UK Biotechnology Industry Association.

On both sides of the Atlantic, industry representatives empha-

size the less controversial medical possibilities of genetic research. For example, if scientists screened patients genetically, they could work out which drugs they might respond to.

David Shapiro, a UK bioethics consultant and former director of the Nuffield Council on Bioethics, says geneticists are well aware of the need to avoid the public rejection that another new technology, nuclear energy, suffered a generation ago. Biotechnology has avoided the worst sins of the postwar nuclear industry – a combination of arrogance and secrecy – but geneticists cannot resist excessive hype about scientific progress.

Ironically, the cloning of Dolly caused much more scientific hype – and public alarm about its human applications – in the US than in the UK, where the research took place. The level of public debate "was a spur to those in the industry who hadn't recognised how important these issues were," says Mr Holtzman.

Mr Feldbaum believes time is on the industry's side. "The focus groups show people acknowledging that their views are shifting. They might once have been appalled by test-tube babies. Thirty years ago heart transplants were too radical to be tolerated."

Just nine months after the Dolly announcement, people are beginning to see the potential advantages of cloning research. The way things are going, genetically engineered designer babies may be perfectly acceptable at some point in the next century. And people may be willing to sacrifice some civil liberties in order to wipe out genes that lead to criminal violence.

This is the final article in a series on human genetics. Earlier articles appeared on October 30, and November 13 and 26.

## Tradeable permits the best route to emissions targets

From Mr Rubens Ricapero.

The FT has given favourable attention to the United Nations concept of tradeable emissions permits as being a possible outcome of the Kyoto meeting on climate change ("Cool counsel for Kyoto", December 1, and "Licence to pollute", December 2). To bring developing countries on board for a global agreement on curbing greenhouse gas emissions, Martin Wolf argues – correctly, in our view – that high-income countries would have to purchase excess permits, beyond what developing countries use themselves.

Technically, there should be no argument that this trading scheme would minimise costs and maximise efficiency. And the US Congress should be in favour. After all, it approved the Clean Air Act Amendment of 1990, which authorised trading permits for sulphur dioxide ("acid rain"), producing savings of several billion dollars. The scope for savings with carbon dioxide is much larger.

But, to make it politically palatable, industrialised countries

must accept the premise that developing countries should not be penalised because their industrial development has lagged behind.

The key lies in the equitable setting of emissions "caps" and in making available to developing countries on reasonable terms those environmentally friendly technologies that could enable them to "leap-frog" the highly polluting production processes used by industrialised countries in their own race to growth.

Provided the political will is there, tradeable permits can be used to help reach the agreed caps in the most efficient possible way. The market will thus have been brought to bear in favour of both development and a united approach to tackling a global problem.

Rubens Ricapero, secretary-general, United Nations Conference on Trade and Development, Palais des Nations, CH-1211 Geneva, Switzerland

## A wrong must be put right

From Mr Tom Pocock.

Sir, The FT deserves high credit as the only UK national newspaper to report regularly and fully on the continuing refusal of the RAF and the Ministry of Defence to reconsider the case of the Mull of Kintyre helicopter crash and the attempts to overturn this injustice.

In overruling their own board of inquiry to find the two dead pilots guilty of "gross negligence" without further evidence – without the air marshals have been supported by both Tory and Labour governments and their profiles in parliament and the media.

However, to their great credit,

three former Tory defence ministers – Rifkind, Arbutnot and Hanley – have changed their minds and resolute members on both sides of both houses – notably Martin O'Neill, Robert Key, Menzies Campbell and Lord Chalfont – are carrying on the campaign to remove the stain on the honour of the Royal Air Force.

We must continue to rely upon the FT for news of the latest developments since most of my own former profession now seem unable to recognise a moral issue when they see one.

Tom Pocock, 22 Lawrence Street, London SW3 5NP, UK

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 3338 (please set fax to "line"), e-mail: letters.editor@ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

## No successor in sight in Germany

From Mr Jochen Murach.

Sir, You are absolutely right in saying in your leader "Old time SPD" (December 4) that the German SPD does not look like an alternative government. One typical example of its "unwillingness to govern" was the recent announcement of the expected rise of unemployment to more than 5m people in 1998. This made the chancellor's promise to cut the number of unemployed by about 2m by 2000 look ridiculous and shady.

But how did the SPD as the party of the blue collar people react? It did not react at all. It let the government produce another failure without any dissent. Instead of using its opposition power and claiming that the ruling coalition was unable to fight unemployment, the SPD kept

quiet and accepted being left to its fate as longest serving opposition party since 1949; although this topic would have been a long awaited "pre-Christmas present" by the fading coalition.

So, one has to ask what else must happen before this would-be government party proves its ability to lead Germany into the next century. Even after the party conference in Hanover, the SPD failed to deliver signs of determination and ambition to its voters to take over the government next September. Meanwhile, Germany faces a lot of – so far – unsolved problems: tax reform, pension-system reform, the euro, to mention but a few.

However, there does not seem to be anybody in the political landscape willing to take on

these tasks eagerly. The weary (and in the meantime retired?) Helmut Kohl does look like a suitable candidate after his 15-year chancellorship. Wolfgang Schäuble, the chancellor's close ally, has the required political pragmatism, but his handicap (unfortunate as it is) may be an obstacle. Gerhard Schröder enjoys the voters' popularity, but he does not have the support of his party to become a driving force. That leaves Oskar Lafontaine, the re-elected SPD leader. However, he has convinced only by his polemics so far. So, the question of Germany's political succession is open. Unfortunately, no answer is in sight.

Jochen Murach, Klosterwinkel 12, 94032 Passau, Germany

## Duties will harm European textile industry

From Mr M.L. Fox.

Sir, M José Alexandre Oliveira's letter of December 5 supports the introduction of anti-dumping duties against six countries as a means of "ensuring the future of the textile industry as a whole".

In fact, the introduction of these duties would have the opposite effect, and jeopardise employment prospects in the majority of the textile and apparel industry.

Criet represents textile printers and dyers in nine European countries. This sector employs 150,000 workers, a similar number to the weaving sector, and is totally opposed to the introduction of the duties. More importantly, the making up sector in household

textiles and apparel which employs 2m workers is also opposed.

The adverse effects of the duties on costs and employment in these downstream sectors would be far greater than any possible benefits to weavers. They would lead directly to increased imports of finished cloth and garments since the same six countries are the leading non-EU competitors in the finished product market.

The majority of the industry also rejects Eurocontrol's contention that unfair dumping practices are taking place on cotton grey cloth.

The countries cited in the complaint have been supplying the

industry's basic raw material commodities on a normal commercial basis for many years, whereas the successful European weavers have developed their businesses by producing more specialised products with a higher added value.

This route is surely the only one which will help to ensure the future of the weaving sector, rather than to try to restore the past through protective measures.

M.L. Fox, president, Criet, P O Box 518, 3900 AM Venendaal, The Netherlands

## Easy peasy if you follow the beastly rule, with exemptions

From Mr Douglas Finney.

Sir, The hunting problem is simple for those who are not emotionally involved.

The prime rule is that humans may not, either for pleasure or profit, benefit from creatures of all sorts being beastly to each other.

The following exemptions apply:

- Indirectly: anything produced on film by Sir David Attenborough and others showing creatures being beastly to each other is stimulating and civilised entertainment, and educational. Small children should be encouraged to watch.
- Directly: safari "camera" holidays and the like are enriching, particularly if one has the chance to witness a kill from a moving vehicle, with the aid of scuba equipment, and so on;
- Those who actually kill or maim creatures, such as those who go in for shooting or fishing, are exempt because there are too many of them;
- Not exempt: those who watch dogs being beastly to a fox from horseback.

There you are – easy peasy. Philip Stephens ("Morality hounded", November 28) can return to defending his idol. Present rules are clear.

Douglas Finney, 34 Bolingbroke Grove, London SW11 6EL, UK

From Mr Adrian Hopkinson.

Sir, A number of your German readers are most grateful to you for making space in the FT to cover the hunting controversy. As should be expected, when your subject matter shifts from economics to country life a few errors crept in. You refer to hunting being much loved by the aristocracy. It is a long time since I have met an aristocrat in the hunting field and I have hunted from Arundel to Atherstone. Most of the people are determined business people from all walks of life – bakers to software programmers.

It takes courage to jump a lift obstacle on a tired horse. However, courage is an attribute not cherished by the modern body politic – maybe they and you will rue the day.

Adrian Hopkinson, Preussenstrasse 17, 40883 Ratingen-Rösel, Germany

## Compensate the others too?

From Mr S.V. Plettenberg.

Sir, Now that an objective view of historic injustices allows us to account for them, I too, quoting Mr H. Chamings (Letters, December 4), "would pose a further potentially embarrassing question: is nothing to be offered to those dependents of the Boers who were exterminated in concentration camps, while their men resisted the British invasion to get at the gold then discovered?"

Or to the descendants of the families of the Cossacks, if any can be found, who in the spring

of 1945 were turned over by the British Army to Stalin's Red Army for wholesale slaughter?

And to the descendants of the Irish hunted for a penny-a-scalp, if my memory from Blundell's school history class is right? I suggest the National Lottery and its equivalents in other countries set aside some funds for these noble amends.

S.V. Plettenberg, Casa Azul, Urb. Las Torres 29600 Marbella, Spain

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The storm of Indian politics has swirled around a lone and silent figure this week, that of Sonia Gandhi. She is at the centre of the storm in that many politicians have sought to use her name for their electoral advantage. She has been silent in refusing to respond to their efforts.

Yet she may end up on sidelines not just because she has held herself aloof from politics so far but also because there may be no future for the political tradition she represents, that of the dynasty.

Sonia Gandhi is the Italian widow of Rajiv Gandhi, the former Congress party prime minister who was assassinated by a Tamil Tiger suicide bomber in 1991. His death is the indirect cause of India's next elections. The party leaders deposed the ruling United Front government in response to a report alleging that a coalition party from Tamil Nadu had links with the Sri Lankan Tigers. There was little new in the allegation but Congress, heavily defeated in India's last elections 18 months ago, wanted a popular issue on which to stand. More important, it needed a leader.

And it looked to Rajiv's widow, thinking that this particular issue would bring her out onto the hustings, perhaps cowled in a widow's white sari. They believe she would be an election winner.

## Woman in the News • Sonia Gandhi

# The widow in white

### India's Congress party has a leader in mind, says Mark Nicholson

So far Sonia has remained silent.

It is the second time Congress has implored her to lead them. The day after Rajiv's death, Congress leaders elected her as party president - eager, apparently, to capture the sympathy vote during the elections interrupted by Rajiv's assassination. Sonia refused. "The tragedy that has befallen my children and myself does not make it possible for me to accept the presidency of the Congress," she said then.

For the past six years, indeed, the 50-year-old Sonia Gandhi has kept such close counsel as to have wrapped herself in a myth. She rarely speaks in public. She courts Congress politicians, but while many like to speak for her, she almost never makes her views known directly. To India's press she has become an "enigma" and "sphinxlike".

All this is a long way from her modest childhood as a poor builder's daughter in a small town near Turin, where they recall the young Sonia Maino as the "Cinderella of Orbasamo". She met Rajiv while a language student at Cambridge in the

1960s. Rajiv was studying at Trinity College. They married in 1968.

She made her rare public appearances wrapped always in an elegant silk sari. "She is not a complex human being," wrote Vinod Mehta, editor of Outlook magazine, recently. "She has only a few passions - her family in Delhi and Milan, five-star shopping and privacy. All of this laced with working-class Italian shrewdness, by which I mean a profound sense of self-interest."

And she has more cause than most to resist the allure of Indian politics. She was nearly when Indira Gandhi was machine-gunned by Sikh bodyguards in 1984 and cradled her dying mother-in-law. Then came the death of her husband.

Nevertheless, Sonia Gandhi has continued to pique the interests of Congress politicians because of her name and because she has not retired entirely into a private life. She has developed the Rajiv Gandhi Foundation into one of India's biggest and most influential charities. This year she formally joined the Congress

party - causing excitement among Congress supporters and party leaders.

That said, she has never given any indication she wished to lead the party, or even campaign for it. She has given only two "political" speeches, in slightly accented Hindi, one last year to chide P.V. Narasimha Rao, then Congress president, for the slow progress of the report into Rajiv's death - a speech that persuaded some in the party that this was the issue which would bring her into politics. She also spoke briefly at a Congress meeting just two months ago, engendering further party excitement.

So, though she has given little encouragement, Sonia Gandhi holds Congress in thrall. "Madam", as she is reverently called, is seen as the saviour in waiting of a party that is demoralised, divided, devoid of issues and indifferently led. Since the death of Rajiv, the party has been led first by Mr Rao and now by the octogenarian Sitaram Kesri. Both men were regarded as stop-gaps on becoming leader.

For many, Sonia has

always been the true leader. "Congress doesn't have a leader just now," says Salman Khurshid, a former Congress minister. "It has put the leadership on hold, because of the belief that Sonia will give a reply. No other leader would come forward, because this would be violating the wait for Sonia."

The party has always needed some such power to hold it together, and that power has usually been a Gandhi. For most of its 112-year history it has been more a disparate movement than a coherent organisation - the movement which, under the political guidance of Jawaharlal Nehru and the moral leadership of Mahatma Gandhi - who was no relation - shook off British rule 50 years ago.

After Nehru came his daughter Indira Gandhi who did more than any post-independence Indian leader to centralise India's polity. At the same time turning Congress into a money-making, election-winning and increasingly corrupt political machine.

Mrs Gandhi's authoritarianism also corroded Con-

gress' internal democracy, instead bolstering dynastic control. She chose Sanjay, her oldest son, as political heir. But he died in a 1981 flying accident and by the time Indira died in 1984, Congress could see no further than her younger son, Rajiv, as successor.

"Because there has never been a mechanism for upward mobility in the party, there has also always been a large second tier of people competing for power whose claims cannot be mediated except by a much more powerful leader," says Yogendra Yadav, a political analyst. "Congress has therefore had to invent such a leader, like Rajiv Gandhi."

So Congress looks again towards his widow. Those who claim to know her well suggest that she believes she has more to lose than gain by entering India's rough political fray.

Though no one knows the likely electoral strength of the "Sonia effect", without her overt leadership or campaigning Congress will certainly suffer a crisis of morale and further electoral decline.

In 1991, Sonia was asked why she shied from publicity. "I just don't like being in the limelight," she said. "It's just my habit." Six years later, this looks like becoming the habit of a lifetime. Sonia may prefer to remain, to misquote Churchill, a riddle, wrapped in a sari, inside an enigma.

## Crisis, what crisis?

Western markets seem to have regained their poise after events in Asia, says Tony Jackson

Was that it? After their nasty wobble a few weeks back, equity markets in the US and UK have bounced smartly back: in the case of the UK, by 172 points on the FTSE 100 index over the past two days. Asia, it seems, has been fixed. If not, it no longer matters. Next stop 6,000 on the FTSE, and 10,000 on the Dow.

Well, perhaps. There is no question that in the context of the past 10 years, the latest correction - assuming it to be over - looks pretty minor. The real issue is more paradoxical.

The Asian crisis, however it is resolved, is an event of real weight for the world financial system. Before it hit, there was a pervasive sense that Wall Street was overvalued. Suppose the market now carries on up. Are we really saying that, from a western standpoint, the crisis is beneficial?

That case can perhaps be argued. The long bull market in equities has been positioned above all on the supposed death of inflation. On a benign interpretation, the Asian crisis can help that.

One of the prime causes of the crisis, it is now clear, was excessive capital investment by the tiger economies. The result is an Asian capacity glut. Taken along with competitive devaluation in the region, this is a recipe for downward pressure on prices in the western world.

At present, the markets are discounting a further rise in US interest rates. On the most bullish interpretation, the Asian disinflation

effect could mean the markets are in for a pleasant surprise.

What could go wrong? Quite a lot, and quite badly. The real bogey for the markets is deflation: a sustained period of falling prices, which would create negative equity for many borrowers and might reduce economic output.

Strictly speaking, this is not a new worry. A couple of years ago, some thoughtful analysts had already spotted the deflationary threat on two fronts: the continued weakness of the Japanese economy, and the depressing

effect of belt-tightening by European Union countries to meet the criteria for the single currency.

The latest crisis merely intensifies the risk. The bull response is to say that, since the last great period of deflation in the 1930s, the world's central bankers have become much more sophisticated. It would be nice to think so. But the reality is that in the modern world deflation is unknown territory.

The other obvious risk is to economic growth rates and corporate earnings. Estimates for this vary widely,

but there is no doubt the danger is real. Indeed, the cynic might say that in putting together Asian rescue packages the west is simply out to protect its own export markets.

There are other threats to the bullish scenario. The determining factor for US inflation could still turn out to be not manufacturing capacity, but labour shortages. In that case US companies could face a crunch on margins, since they would be unable to raise prices in line with wages. But the threat does not seem immediate: at any rate, the market shrugged off yesterday's remarkably strong US employment figures.

Or perhaps the real risk to the markets will turn out to be liquidity. The nightmare is that distressed Japanese financial institutions, which are big holders of US financial assets, might have to call their money home.

But given the strength of the dollar and the fact that Japanese financial assets yield next to nothing, this would be a counsel of desperation. Indeed, there is a counter-argument. The more turbulent the world

becomes, the more the US could prove a safe haven for investors battered by losses in other markets.

Given all those conflicting factors, there is a final, less tangible argument on the bullish side. Besides the conquest of inflation, the other driving force behind the US bull market has been the sense that corporate America has reinvented itself.

It is almost an effort to recall that, at the start of this decade, Americans were terrified of the competitive might of Japan. For some time now, the boot has been on the other foot. But the Asian crisis has served to reinforce the absolute dominance of the US corporate model.

This is most starkly illustrated by the plight of Korea: a reversal so brutal that its implications will take some time to sink in. Leave aside the fact that the headline pursuit of market share irrespective of profit has proved ultimately disastrous.

The real point goes deeper: that whereas the tiger economies have been remarkably adept at imitation, the real name of the game is innovation. And that remains an American speciality.

So can it really be true that the bull market is intact? The idea may stick in the gut, especially for those who have wrongly called the turn for the last 3,000 points on the Dow.

And, of course, it could all still go horribly wrong. But these are strange times. And if the upheavals in Asia cannot stop the market, it becomes increasingly hard to imagine what will.



Penned in: an Irish lorry passes through ranks of protesting Welsh farmers at Holyhead

## Cold comfort farming

Maggie Urry explains why UK farmers are protesting with French-style tactics

What on earth is going on down on the British farm? Late agriculturalists have been disrupting UK ports from Stranraer to Dover. Some have been chucking imported beef into the sea, for all the world like a modern Boston tea party. Even the normally cautious leader of the National Farmers' Union, Sir David Naish, has been keen to distance himself from this militant behaviour, suggesting that, so long as the police were not intervening, then the actions must be legal and should be supported.

What has driven normally law-abiding British farmers to adopt French-style tactics? And is it really true, as some have claimed, that this is the worst protest in UK farming for years?

"It's the only way to get people to take notice," says Steve Vining, a dairy farmer from Blandford Forum, Dorset. "We must do something before there's nothing left to save."

Farmers have been frustrated by the effects of "mad cow disease", which has caused the European Union to impose a worldwide ban on British beef exports. They have been angered by the squeeze on farm income that has resulted from the rising pound. And at the end of last week, their patience finally snapped at a pre-Christmas cattle auction in Anglesey, north Wales. With prices plummeting, farmers decided it was time for action, dumping 40 tonnes of Irish beefburgers into the Anglesey port of Holyhead, and sparking similar blockades elsewhere for days.

It is unusual for UK farmers to react like this, says Mr Vining. "We're not that sort of people." But the actions of French farmers, who "seem to have the police and the public on their side", has encouraged them.

Jim Walker, a sheep and beef farmer in Dumfriesshire, and one of the organisers of the Stranraer protest, says farmers "are the most conservative group of individuals you'll ever meet. We are not militant. But we see no way out."

Farmers certainly have a genuine problem. Farm profits have collapsed this year, and beef farmers are the hardest hit. "We are selling cattle for less than it costs to produce them," Mr Walker says. The price of a large beef animal at slaughter has dropped from around £875 (£1,460) to about £300.

Cattle farmers, already hit once by the BSE crisis, were hit again this week, when the government said it proposed to ban on beef sold on the bone.

Arable farmers are doing little better. A combination of lower yields, poorer quality (because of bad weather), and lower prices has cut their incomes, too. Some low-quality wheat is selling for £55 or £60 a tonne, well below the cost of production.

"Many, many farm businesses will be losing this year," says Sir David of the NFU. Farmers have brought in the harvest and sent their animals to the autumn livestock sales. Now they are sitting there with a wodge of bills in one hand and a cheque in the other that aren't meeting. They are in dire straits. Enough is enough."

On Monday, the government forecast UK farm incomes would fall 37 per cent in real terms this year. The NFU, whose figures take account of the cost of family labour on farms, puts the decline at 47 per cent.

The main cause of the downturn has been the strength of sterling, which has hit all sectors of farming. Under the European Common Agricultural Policy, minimum prices of the main crops and products are

set in Ecus. As the pound has risen, the sterling value of crops has fallen.

In 1995 the European Union set up a compensation system for countries whose currencies revalue. Under the EU formula, UK farmers could receive up to £980m in compensation, spread over three years. However, the farmers complain that the UK government has refused to apply for compensation.

"Irish farmers have had two revaluations compensated," says Mr Walker. "They can afford to dump beef on our market. Our argument isn't with them but with our government. We've waited seven months for Jack Cunningham [the agriculture minister] to do something for us."

At first the government's response was that farmers have already had massive support from public funds for BSE.

On the government's figures, farm incomes are no lower in real terms than they were in the late 1980s. The agriculture ministry said: "It is not the business of government automatically to provide subsidies to make up annual variations in income."

By Thursday night, though, the government's line was softening as cabinet members began considering extra aid for farmers.

Those able to look beyond the present crisis are not so pessimistic. Farmers owe Barclays Bank 12 per cent more than they did a year ago, but John Page, head of agricultural lending, is not sending in the bailiffs. He is expecting a recovery next year, when the pound is forecast to weaken.

He says: "There is no doubt farm incomes have dropped horribly. But it has all happened before. In 1985 and 1977 there were steep falls in income. The one you're in at the moment is always the worst ever."

Tabloid journalism has met communist China. James Harding was there

## Gang of four found on Mars

Some pretty unusual stories have been appearing in the Shanghai press recently.

There was the case of the girl who developed fish scales on her skin. Or the saga of a local fat girl who is fighting a higher education college that refused her admission because of her weight. And the bizarre tale from a Chinese research laboratory which has grown a human ear off a living mouse.

China's media remain tightly controlled by the government. But as newspapers and magazines struggle with shrinking state subsidies and growing commercial pressures, a profit-driven populism is beginning to change the press. Tabloid newspapers are taking root in the world's oldest civilisation.

The New People's Evening News (Xinmin Wanbao) in Shanghai is the prime example. It is a local paper that leans the standard diet of edifying news in China with an entertaining mix of human interest stories.

On a typical day last week, for example, the paper crunched expansive coverage elsewhere of President Jiang Zemin's travels overseas and the latest reports on rising industrial output, in order to find room for stories about the growing curse of quack doc-

tors, the squalid state of public toilets and the humiliation of domestic servants. There has also been a series of reports on a man discovered to have murdered his unwanted baby girl by drowning her in a cesspool. And there are pages of "life-style" advice - how a husband should deal with his wife's lover, or whether Chinese employees need to use English names when working in foreign companies.

For seasoned readers of The Sun in the UK or America's National Enquirer, all this may seem pretty tame stuff. But coming after decades of colourless news coverage, filtered by government censors that treat the press as the state's pulpit, the New People's Evening News signals the instincts of the media in an emerging market economy - to entertain the people, rather than to lecture the proletariat.

To do that, the New People's Evening News has had its brushes with the government's propaganda officials, earning a reputation for sailing close to the wind - or, as the Chinese put it, "kicking the ball along the touchline" - of what is socially and officially acceptable for publication in China.

Ding Faxiang, the editor, says the paper seeks to promote the message of the Communist party, "but we

do not want to do it in a theoretical way, we want to do it with vivid stories".

"We try to cater to the interests of our readers, giving them stories with a broad appeal," says Mr Ding, explaining that a factory's industrial production may interest officials, but not "normal readers".

The more colourful mix sells. The New People's Evening News has seen its sales and advertising revenues rocket since the early 1990s, allowing it to operate as an increasingly profitable business. It now boasts a circulation of 1.85m papers a day.

That makes it the best-selling newspaper in China after the People's Daily, the official mouthpiece of the Communist party where circulation has been in long-term decline. Moreover, the People's Daily is often bought as a job lot by factories and offices as an act of official policy. The Evening News is bought largely by individuals from news stands or by private subscription as an act of personal choice.

So does this mean that China's politicians and celebrities are about to have their private lives "glorified" all over the popular press? For the current Communist party leadership the certain answer is no. They will be shielded by China's

strict political censorship.

But China's previous leaders - preferably dead - are fair game. One cheap provincial magazine has devoted this month's edition to uncovering the "secret history" of "Chiang Kai-shek and his women".

As for the celebrities, China's magazines are avidly lifting stories from the Hong Kong and Taiwan gossip columns about those of Greater China, while doorstepping mainland China's home-grown stars.

The sports champion, the pop singer and the movie actor are emerging as the icons of modern China, supplanting the revolutionary heroes of communist China's more doctrinaire past. But, in the process, they are paying the price of fame: media scrutiny.

Zhang Yimou, the director of films such as *Raise the Red Lantern* and *To Live*, has been fodder for a more prying press. His ex-wife's account of their divorce was serialised in the Chinese papers, which also devoted themselves ceaselessly to covering his relationship and ultimate break-up with the beautiful actress Gong Li.

"There has been a big change in the Chinese press's coverage of people like us," Mr Zhang says. "I remember in the 1980s, editors, reporters and their readers thought it low to write or read about other



## COMMODITIES AND AGRICULTURE

# Concern over future of gold mines

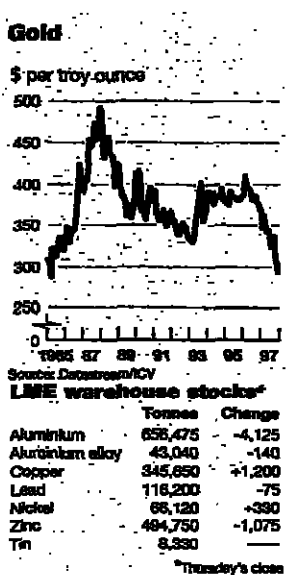
By Gary Mead

Those hoping for an end to the recent pressure on gold were further disappointed yesterday, as the reverberations from news that Argentina's central bank had sold its bullion reserves continued to echo round the markets.

The morning "fix" in London, of \$377.05 an ounce, was the lowest point since March 1985; the slight recovery in the afternoon, to \$387.40 an ounce, was small comfort in an overall bleak context.

With the economic slowdown in Asia, one of the main stimuli for increased physical demand has weakened in recent weeks. Analysts are increasingly concerned that, with only some 40 per cent of the world's gold mines covering their costs at prices below \$300 an ounce, any prolonged depression in gold prices will force a number of mine operators permanently out of business early in 1998.

"We might see a short-term rally of \$10-\$15 in the run-up to Christmas but the new year will bring another fall to perhaps as low as \$250," said Ted Arnold, precious metals analyst with Merrill Lynch. "My belief is that the European Central Bank will be formed with about 20 per cent of its reserves in gold, which will leave as much as 12,000 tonnes of gold kicking around Europe. That's six years' global production," he added.



Crude oil prices bounced back slightly yesterday, as it became evident that Iraq had decided - for the time being, at least - not to resume oil exports under the so-called oil-for-food deal with the United Nations.

On the International Petroleum Exchange, Brent crude for January was up 31 cents to \$18.29 a barrel, while on the New York Mercantile Exchange, January crude recovered 16 cents, to \$18.76 a barrel in later trading, having touched an early peak of \$19.07.

Analysts said yesterday that the outlook for 1998 was still quite bearish, given that Iraq is expected eventually to resume and significantly increase exports early in the new year.

## WEEKLY PRICE CHANGES

	Latest	Change	Year	1997
			to date	Low
Gold per troy oz.	\$387.40	+8.00	\$389.65	\$288.05
Silver per troy oz.	\$11.12	+0.00	\$11.12	\$8.30
Aluminium 99.7% (cash)	\$1,000	+0.00	\$1,000	\$750
Copper Grade A (cash)	\$1,000	+0.00	\$1,000	\$750
Lead (cash)	\$226	+5	\$226	\$175
Nickel (cash)	\$3,970	+125	\$3,970	\$2,925
Zinc 99.95% (cash)	\$1,112.5	+25	\$1,112.5	\$850
Tin (cash)	\$2,810	+30	\$2,810	\$2,100
Cocoa Futures Dec	\$1,024	+36	\$1,024	\$947
Coffee Futures Jan	\$1,178	+44	\$1,178	\$1,047
Soybean Futures Jan	\$2,530	+30	\$2,530	\$2,100
Wheat Futures Jan	\$2,530	+30	\$2,530	\$2,100
Cotton Futures Jan	\$2,530	+30	\$2,530	\$2,100
Oil (Brent Blend)	\$18.76	+0.16	\$18.76	\$16.55

## WORLD BOND PRICES

# Treasuries hit by report on jobs

## GOVERNMENT BONDS

By John Labate in New York and Vincent Boland in London

US TREASURIES plunged yesterday after the release of a stronger-than-expected employment report, dragging European bond markets down. However, by early afternoon treasuries had come off earlier lows.

The 30-year bond was

down 1/8 to 100 1/8, sending the yield to 6.102 per cent. Among shorter-term issues the 10-year note slid 1/8 to 101 1/8, yielding 5.908 per cent, while the two-year note fell 1/8 to 99 1/8, yielding 5.780 per cent.

November's unemployment rate fell to 4.6 per cent, its lowest point since 1973. Payroll employment increased by 404,000 jobs during the month - nearly twice what the market had

## BASE METALS

### LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

#### ALUMINIUM, 99.7% Purity (\$ per tonne)

	Cash	3 mths
Close	1554.5-55.5	1577-78
Previous	1559.5-60.5	1582-83
High/Low	1552/1572	1582/1572
AM Official	1558-56	1582-80
Kerb close	1572-73	1572-73
Open int.	258,104	70,396
Turn int.	1420-30	1440-45
Previous	1420-30	1440-45
High/Low	1420-30	1440-45
AM Official	1425-35	1445-50
Kerb close	1445-50	1435-45
Open int.	5,964	5,964
Total daily turnover	688	688

#### LEAD (\$ per tonne)

	Cash	3 mths
Close	525.5-5.5	540-3
Previous	525.5-5.5	540-3
High/Low	525.5-5.5	540-3
AM Official	524-25	542.5-43.0
Kerb close	524-25	542-43
Open int.	32,446	32,446
Total daily turnover	9,462	9,462

#### NICKEL (\$ per tonne)

	Cash	3 mths
Close	5956-75	6050-60
Previous	5956-75	6050-60
High/Low	5956-75	6050-60
AM Official	6010-20	6125-30
Kerb close	6010-20	6125-30
Open int.	60,857	60,857
Total daily turnover	20,225	20,225

#### TIN (\$ per tonne)

	Cash	3 mths
Close	5810-20	5950-60
Previous	5810-20	5950-60
High/Low	5810-20	5950-60
AM Official	5720-30	5720-30
Kerb close	5720-30	5720-30
Open int.	15,130	15,130
Total daily turnover	3,087	3,087

#### ZINC, special high grade (\$ per tonne)

	Cash	3 mths
Close	1112-13	1125-26
Previous	1112-13	1125-26
High/Low	1112-13	1125-26
AM Official	1109.5-10.5	1125-26
Kerb close	1109.5-10.5	1125-26
Open int.	83,227	83,227
Total daily turnover	20,178	20,178

#### COPPER, grade A (\$ per tonne)

	Cash	3 mths
Close	1795.5-0.5	1820-30
Previous	1795.5-0.5	1820-30
High/Low	1795.5-0.5	1820-30
AM Official	1812-13	1842-43
Kerb close	1812-13	1842-43
Open int.	160,827	160,827
Total daily turnover	44,413	44,413

#### LME AM Official 2% rate, 1.8825

LME Closing 5% rate, 1.8870

Spot 1.885 1/8; 1.887 1/8; 1.889 1/8; 1.891 1/8

#### HIGH GRADE COPPER (COMEX)

	Cash	3 mths
Close	78.00	81.25
Previous	78.00	81.25
High/Low	78.00	81.25
AM Official	80.00	81.25
Kerb close	80.00	81.25
Open int.	81.25	81.25
Total daily turnover	11,421	11,421

#### PRECIOUS METALS

### LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

#### Gold (traded) \$ per ounce

	Cash	3 mths
Close	287.00	287.00
Previous	287.00	287.00
High/Low	287.00	287.00
AM Official	287.00	287.00
Kerb close	287.00	287.00
Open int.	287.00	287.00
Total daily turnover	287.00	287.00

#### Silver (traded) \$ per ounce

	Cash	3 mths
Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Kerb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

#### Platinum (traded) \$ per ounce

	Cash	3 mths
Close	550.00	550.00
Previous	550.00	550.00
High/Low	550.00	550.00
AM Official	550.00	550.00
Kerb close	550.00	550.00
Open int.	550.00	550.00
Total daily turnover	550.00	550.00

#### Palladium (traded) \$ per ounce

	Cash	3 mths
Close	1,100.00	1,100.00
Previous	1,100.00	1,100.00
High/Low	1,100.00	1,100.00
AM Official	1,100.00	1,100.00
Kerb close	1,100.00	1,100.00
Open int.	1,100.00	1,100.00
Total daily turnover	1,100.00	1,100.00

## Precious Metals continued

### GOLD COMEX (100 troy oz. \$ per tonne)

	Cash	3 mths
Close	287.00	287.00
Previous	287.00	287.00
High/Low	287.00	287.00
AM Official	287.00	287.00
Kerb close	287.00	287.00
Open int.	287.00	287.00
Total daily turnover	287.00	287.00

### PLATINUM COMEX (500 troy oz. \$ per tonne)

	Cash	3 mths
Close	550.00	550.00
Previous	550.00	550.00
High/Low	550.00	550.00
AM Official	550.00	550.00
Kerb close	550.00	550.00
Open int.	550.00	550.00
Total daily turnover	550.00	550.00

### PALLADIUM COMEX (100 troy oz. \$ per tonne)

	Cash	3 mths
Close	1,100.00	1,100.00
Previous	1,100.00	1,100.00
High/Low	1,100.00	1,100.00
AM Official	1,100.00	1,100.00
Kerb close	1,100.00	1,100.00
Open int.	1,100.00	1,100.00
Total daily turnover	1,100.00	1,100.00

### SILVER COMEX (5000 troy oz. \$ per tonne)

	Cash	3 mths
Close	10.25	10.25
Previous	10.25	10.25
High/Low	10.25	10.25
AM Official	10.25	10.25
Kerb close	10.25	10.25
Open int.	10.25	10.25
Total daily turnover	10.25	10.25

### ENERGY

#### CRUDE OIL, WMEC (1,000 barrels, \$ per barrel)

	Cash	3 mths
Close	18.75	18.75
Previous	18.75	18.75
High/Low	18.75	18.75
AM Official	18.75	18.75
Kerb close	18.75	18.75
Open int.	18.75	18.75
Total daily turnover	18.75	18.75

#### CRUDE OIL, WMEC (1,000 barrels, \$ per barrel)

	Cash	3 mths
Close	18.75	18.75
Previous	18.75	18.75
High/Low	18.75	18.75
AM Official	18.75	18.75
Kerb close	18.75	18.75
Open int.	18.75	18.75
Total daily turnover	18.75	18.75

#### HEATING OIL, WMEC (2,000 US gal., \$ per gal.)

	Cash	3 mths
Close	1.10	1.10
Previous	1.10	1.10
High/Low	1.10	1.10
AM Official	1.10	1.10
Kerb close	1.10	1.10
Open int.	1.10	1.10
Total daily turnover	1.10	1.10

#### NATURAL GAS, WMEC (10,000 cu ft., \$ per cu ft.)

	Cash	3 mths
Close	0.45	0.45
Previous	0.45	0.45
High/Low	0.45	0.45
AM Official	0.45	0.45
Kerb close	0.45	0.45
Open int.	0.45	0.45
Total daily turnover	0.45	0.45

#### NATURAL GAS, WMEC (10,000 cu ft., \$ per cu ft.)

	Cash	3 mths
Close	0.45	0.45
Previous	0.45	0.45
High/Low	0.45	0.45
AM Official	0.45	0.45
Kerb close	0.45	0.45
Open int.	0.45	0.45
Total daily turnover	0.45	0.45

#### UNLEADED GASOLINE, WMEC (42,000 US gal., \$ per gal.)

	Cash	3 mths
Close	1.10	1.10
Previous	1.10	1.10
High/Low	1.10	1.10
AM Official	1.10	1.10
Kerb close	1.10	1.10
Open int.	1.10	1.10
Total daily turnover	1.10	1.10

#### UNLEADED GASOLINE, WMEC (42,000 US gal., \$ per gal.)

	Cash	3 mths
Close	1.10	1.10
Previous	1.10	1.10
High/Low	1.10	1.10
AM Official	1.10	1.10
Kerb close	1.10	1.10
Open int.	1.10	1.10
Total daily turnover	1.10	1.10

#### UNLEADED GASOLINE, WMEC (42,000 US gal., \$ per gal.)

	Cash	3 mths
Close	1.10	1.10
Previous	1.10	1.10
High/Low	1.10	1.10
AM Official	1.10	1.10
Kerb close	1.10	1.10
Open int.	1.10	1.10
Total daily turnover	1.10	1.10

## GRAINS AND OIL SEEDS

### WHEAT, LIF (100 tonnes, \$ per tonne)

	Cash	3 mths
Close	180.00	180.00
Previous	180.00	180.00
High/Low	180.00	180.00
AM Official	180.00	180.00
Kerb close	180.00	180.00
Open int.	180.00	180.00
Total daily turnover	180.00	180.00

### WHEAT, LIF (100 tonnes, \$ per tonne)

	Cash	3 mths
Close	180.00	180.00
Previous	180.00	180.00
High/Low	180.00	180.00
AM Official	180.00	180.00
Kerb close	180.00	180.00
Open int.	180.00	180.00
Total daily turnover	180.00	180.00

### WHEAT, LIF (100 tonnes, \$ per tonne)

	Cash	3 mths
Close	180.00	180.00
Previous	180.00	18



## CURRENCIES AND MONEY

## Dollar surges

MARKETS REPORT  
By Simon Kuper

The dollar rose to Y130 after the yen yesterday after the US non-farm payroll report showed unexpectedly strong jobs and earnings growth in November.

Non-farm jobs rose by 404,000, double the forecast and their biggest gain in 21 months, while the jobless rate sank to 4.6 per cent, its lowest since 1973.

The market upgraded its prospects of the Federal Reserve raising interest rates on December 16, after the bank's next Open Market committee meeting. However, on balance traders still expect no Fed move.

The yen had earlier gained on comments from Hiroshi Mitsuura, Japan's finance minister, who said: "We will deal with excessive yen weakness in a timely and appropriate way. We will

continue to watch the foreign exchange market closely while being prepared to take action." Various Japanese officials have this week hinted at intervention in the market.

Also in Asian trading, the yen had been supported by reports that Japan's ministry of finance had made large dollar deposits at several major banks. This was seen as allowing Japanese banks to meet their dollar demand without having to

pay a premium on the market. Furthermore, some traders saw the move as pressuring dollar sales by Japan.

The dollar gained Y0.7 against the yen and 1.3 pence against the D-Mark, while the pound rose in London at Y130.1 and DM1.783.

## Dollar

DM per \$

Yen per \$

Sterling

\$ per £

D-Mark

FFY per DM

Source: Reuters

Despite the dollar's rise, the pound continued its slide of the past few days, dropping 1.5 pence against the D-Mark and 1.9 cents against the dollar to close at DM2.954 and \$1.657. The pound is seen as a less obvious safe haven than the dollar from Asian troubles.

■ The main reason why the Fed would not raise interest rates this month was Asia, said currency strategists. Michael Rosenberg, global head of fixed income

research at Merrill Lynch in New York, said the Fed understood that Asian countries required cheap credit to fund their debts. Also, stock markets were still recovering from the Asian financial crisis, Paul Lambert, senior currency economist at UBS in London, said: "The Fed has often enough now made reference to what's going on in Asia."

Mr Rosenberg said the main currency impact of the payrolls figures could be to boost the dollar against the

D-Mark. The jobs data had hit US bonds, so that the ten-year Treasury bond now yielded almost 60 basis points more than its German equivalent, double the spread of early November.

■ Paribas Capital Markets has launched what it says is the first financial instrument that lets investors track the future value of the euro. Its "Eurostart" contract will be based on the value of the planned single European currency against

the dollar on January 4, 1999. Investors have long been using the D-Mark as a proxy for the euro's performance.

■ The Malaysian ringgit rose from yet another record low after Anwar Ibrahim, finance minister, announced an economic reform package including various spending cuts and a squeeze on credit. Late yesterday the ringgit was at M\$3.74 to the dollar, having bounced from M\$3.9650.

Short-term rates are quoted for the US Dollar and Yen, others two days' rates.

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## UNIT TRUSTS

## WINNERS AND LOSERS

## TOP FIVE OVER 1 YEAR

CF Shaw Utilities	1,377
Aberdeen Frontier Markets	1,362
NPI Latin American Acc	1,354
Royal London European Growth	1,329
Fleming Select American	1,328

## BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	298
Save & Prosper Gold & Exp	327
Save & Prosper Korea	358
Schroder Seoul	362
Waverley Australasian Gold	365

## TOP FIVE OVER 3 YEARS

GA North America Growth	2,515
Hill Samuel US Smaller Cos	2,322
Royal Life-United States	2,216
Johnson Fry Slater Growth	2,206
Franklin Health	2,184

## BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	157
Old Mutual Thailand Acc	205
Schroder Seoul	232
Baring Korea	263
Waverley Australasian Gold	369

## TOP FIVE OVER 5 YEARS

Old Mutual European	3,340
GA North America Growth	3,328
Hill Samuel UK Emerging Cos	3,182
Gartmore UK Smaller Companies	3,115
Invesco European Growth	3,032

## BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	220
Old Mutual Thailand Acc	473
Baring Korea	517
Henderson Japan Smaller Cos	611
Save & Prosper Japan Small Cos	653

## TOP FIVE OVER 10 YEARS

RSC US Small Companies	11,497
Hill Samuel US Smaller Cos	9,992
HSBC Hong Kong Growth	9,055
Profligate Technology	8,115
Franklin Health	8,082

## BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	361
Barclays Japan Inc	517
Save & Prosper Gold & Exp	518
Henderson Japan Smaller Cos	577
M&G Japan Acc	621

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: REUTERS (Tel: 01625 511311)

## Indices

Average Unit Trust	1026	1320	1748	2113	2.5	2.5
Average Investment Trust	1092	1327	2048	2480	4.8	4.8
Bank	1037	1114	1188	1432	0.0	5.5
Building Society	1084	1111	1302	1810	0.0	5.2
Stockmarket: FTSE All-Share	1212	1222	2103	4150	2.8	3.4
Inflation	1057	1088	1140	1544	0.3	-

## UK Growth

Johnson Fry Slater Growth	1209	2205	2489	-	3.0	0.8
Jupiter UK Growth	1099	1908	2822	-	2.4	2.2
Old Mutual Growth	1170	1883	2497	2906	2.4	0.6
Mercury Recovery	1108	1868	2245	2856	3.0	1.6
River & Mercantile 1st Growth	1184	1835	-	-	2.7	1.0
SECTOR AVERAGE	1107	1551	1865	3019	2.7	1.8

## UK Growth &amp; Income

Fleming Select UK Income	1295	1839	2343	3470	2.5	3.0
Perpetual Income	1168	1728	2433	3537	2.6	2.6
Lazard UK Income & Growth	1189	1705	2049	3472	2.6	3.1
Britannia UK General Inc	1135	1697	1878	2962	2.6	2.8
HSBC Footele Fund	1239	1897	-	-	3.0	2.1
SECTOR AVERAGE	1136	1536	1877	3172	2.6	2.5

## UK Smaller Companies

Gartmore UK Smaller Companies	1098	1979	3115	3156	3.3	0.4
Laurence Keen Smaller Cos	1080	1882	-	-	3.0	1.5
AES Smaller Companies	1058	1831	2473	-	2.9	1.1
INVESTCO UK Smaller Companies	995	1783	2901	2594	3.7	1.8
Britannia Smaller Cos Acc	1089	1753	2893	3439	2.9	0.4
SECTOR AVERAGE	1005	1385	2142	2453	2.9	1.6

## UK Equity Income

Jupiter Income	1166	1886	3028	5077	2.2	4.0
Lazard UK Income	1178	1781	2263	4103	2.4	4.1
BWD UK Equity Income	1176	1723	2418	3190	2.3	3.4
Britannia High Yield Inc	1142	1683	2246	3725	2.4	3.6
Newton Higher Income	1223	1874	1838	3418	2.5	5.0
SECTOR AVERAGE	1139	1510	1963	3119	2.4	4.3

## UK Equity &amp; Bond Income

HSBC UK Income	1198	1806	-	-	2.0	5.7
Profligate Extra Income	1098	1581	1982	3028	2.4	4.1
Edinburgh High Distribution	1164	1598	1970	2569	2.4	3.7
CIS UK Income	1177	1529	1861	-	2.4	3.7
Clear Med Retirement Income Inc	1173	1503	1865	-	2.4	5.1
SECTOR AVERAGE	1107	1384	1788	2582	2.1	5.2

## UK Eq &amp; Bd

BWD Balanced Portfolio	1123	1748	2350	-	3.1	1.3
Perpetual High Income	1162	1650	2373	-	2.9	3.0
Credit Suisse High Income Port	1126	1578	2131	-	2.4	4.1
Capital Income Dis	1136	1581	2132	2855	2.1	3.2
NPI UK Extra Income Inc	1065	1509	2004	-	2.2	3.1
SECTOR AVERAGE	1105	1508	1976	2836	2.2	2.9

## UK Fixed Interest

Aberdeen Fixed Interest	1126	1489	2180	2620	1.4	8.1
Dresdner RCM Preference Inc	1126	1485	1678	2418	1.8	7.8
CU PPT Monthly Income Plus	1159	1421	1718	-	1.8	7.4
M&G Corporate Bond	1191	1407	-	-	1.9	6.5
CU PPT Preference Inc	1174	1388	1583	2482	2.1	6.8
SECTOR AVERAGE	1073	1371	1606	2073	1.8	6.5

## UK Gilt

M&G Gilt & Fixed Interest	1114	1354	1466	2026	1.8	6.0
Gartmore PS Fixed Interest	1108	1316	1460	-	1.8	5.8
Murray Aonumen Reserve	1091	1314	1446	-	1.5	6.3
Mercury Long-Dated Bond	1082	1313	-	-	2.2	5.1
Gartmore PS Index Linked Gilt	1089	1294	1460	-	1.4	2.5
SECTOR AVERAGE	1086	1231	1342	1970	1.4	5.7

## International Equity Income

GT International Income Inc	1157	1555	1889	3682	2.8	2.0
Martin Currie Int'l Income	1118	1475	1943	-	2.7	4.2
Mayflower Global Income	1114	1429	1880	2681	2.3	2.7
M&G International Income	1100	1408	1873	3425	2.7	4.2
Barclays International Income	1091	1371	1896	2342	3.0	1.5
SECTOR AVERAGE	1086	1404	1779	2795	2.8	2.5

## International Fixed Interest

Baring Global Bond	1002	1303	1460	-	1.5	4.8
City Financial Backman Int'l	1017	1258	1236	1911	2.6	6.1
Newton International Bond	1004	1249	1367	-	2.0	4.9
Barclays BGI Int'l Fx Int Inc	1009	1221	-	-	1.0	5.2
AES Int'l Bond & Convertible	1027	1209	1381	-	1.3	6.1
SECTOR AVERAGE	992	1108	1190	1772	1.8	5.1

## International Equity &amp; Bond

Bank of Ireland Ex Mgd Growth	1058	1484	1814	-	2.3	2.4
Fleming General Opportunities	1132	1472	1733	-	2.0	3.4
Capital-Cure Hallmark Growth	1127	1454	1704	2810	2.7	1.7
Baillie Gifford Managed	1087	1427	1723	3299	2.7	2.4
Clarks & Spencer Inv Port Acc	1105	1415	1729	-	2.3	2.2
SECTOR AVERAGE	1089	1317	1589	2573	2.4	2.4

## International

Franklin Health	1086	2184	2118	8092	7.0	-
Profligate Technology	1025	2097	2902	8115	7.0	-
Save & Prosper Financial Secs	1216	2072	2813	5129	3.3	1.4
Franklin Financial	1231	1950	2683	6428	3.2	0.9
Save & Prosper Growth	1181	1783	2488	4538	3.1	1.5
SECTOR AVERAGE	1049	1284	1734	3145	3.7	1.1

## Nth America

GA North America Growth	1252	2515	3825	7887	4.8	0.0
Hill Samuel US Smaller Cos	1100	2322	2718	9992	5.3	-
Royal Life-United States	1289	2216	2849	5940	4.0	0.3
Dresdner RCM America Sm Co	1138	2178	2253	4639	4.8	-
Edinburgh North American	1140	2173	2694	5571	3.8	0.5
SECTOR AVERAGE	1190	1801	2098	5077	4.4	0.5

## Europe

Jupiter European	1112	2046	3030	5500	3.4	0.5
Baring Europe Select	1108	1924	2906	4066	3.8	0.8
INVESTCO European Growth	1184	1914	3032	4565	4.2	-
Thameside Euro Sel Gt Acc R	1172	1903	2790	3914	4.4	0.1
TU Europe	1228	1898	-	-	-	-
SECTOR AVERAGE	1139	1546	2195	3926	3.8	0.7

## Japan

GT Japan Growth	891	920	1379	1583	3.7	-
Murray Japan Growth	913	835	1173	-	4.9	-
Martin Currie Japan	838	831	1217	-	5.8	-
Newton Japan	913	822	1217	1264	5.4	-
Baillie Gifford Japanese	913	803	1106	1392	5.6	-
SECTOR AVERAGE	730	611	926	1029	5.7	0.5

## Far East inc Japan

AIS Govett Greater China	900	1022	1642	3753	6.8	-
Dresdner RCM Oriental Inc Inc	887	907	1239	2436	5.0	4.5
Schroder Far East Growth Inc	756	822	1485	-	5.8	-
Friends Prov Pacific Basin	756	822	1332	1740	5.3	0.2
Perpetual Far East Growth	723	806	1557	3155	4.5	1.3
SECTOR AVERAGE	706	718	1184	2088	5.6	1.1

## Far East exc Japan

INVESTCO Hong Kong & China	902	1644	2882	9055	8.8	0.4
INVESTCO Hong Kong & China	958	1359	2011	6737	8.1	0.6
Baillie Gifford Japan	935	1282	1663	4299	4.8	-
Friends Prov Australian	781	1235	1908	5980	8.5	1.3
Old Mutual Hong Kong	737	1089	1682	5497	8.3	1.5
Gartmore Hong Kong	643	736	1241	3910	7.1	1.2
SECTOR AVERAGE	802	1022	1642	3753	6.8	-

## Best Peps

Johnson Fry Slater Growth	1209	2205	2489	-	3.0	0.8
Save & Prosper Financial Secs	1216	2072	2813	5129	3.3	1.4
Jupiter European	1112	2046	3030	5500	3.4	0.5
Jupiter Income	1108	1924	2906	4066	3.8	0.8
Gartmore UK Smaller Companies	1098	1979	3115	3156	3.3	0.4
AVERAGE UT PEP	1095	1479	1924	-	2.7	2.5

## Property

Aberdeen Property Share	1211	1526	2505	-	2.8	1.2
Norwich Property	1083	1196	1599	-	1.0	4.7
Barclays Property	1091	1184	1325	-	1.0	5.5
SECTOR AVERAGE	1106	1295	1607	-	1.8	4.1

## Commodity &amp; Energy

M&G Australasian Acc	805	1148	1953	2173	5.4	2.2
M&G Commodity	854	854	1557	1793	5.6	1.4
Save & Prosper Commodity	709	814	1338	1653	6.2	-
Hill Samuel Natural Resources	684	725	1139	1594	5.4	1.0
TSB Natural Resources	619	688	1323	2145	6.2	0.3
SECTOR AVERAGE	584	684	1413	1368	7.0	1.1

## Investment Trust Units

Quilter High Inc Inv Trst Acc	1098	1373	2261	-	2.5	3.5
Quilter Investment Trusts Inc	978	1324	2162	-	3.1	0.4
M&G Fund of Investment Trusts	944	1260	1945	3331	3.1	1.8
Equitable Trust of Invest Trst	1011	1255	1934	3699	2.7	1.6
Gartmore Practical Inv Inc	1042	1242	1580	2897	2.3	3.4
SECTOR AVERAGE	1038	1219	1672	3089	2.8	2.1

## Fund of Funds

Royal & SunAll Portfolio	1088	1489	1924	-	2.9	1.1
Mercury Managed Income	1098	1435	-	-	1.9	3.8
Lloyds Bank Growth Portfolio	1074	1433	-	-	2.7	0.3
TSB Selector	1094	1428	1744	-	2.4	1.4
Britannia Managed Portfolio Inc	1027	1415	1948	-	3.1	1.3
SECTOR AVERAGE	1027	1247	1638	2489	2.6	1.8







● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 873 4378 for more details.

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### Insurances, Money Markets and Other

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444) 171-873 or 4378 for more details.

**FT MANAGED FUNDS SERVICE**[illegible]







### Offshore Funds and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 6378 for more details.

**FT MANAGED FUNDS SERVICE**[illegible]



**FT. MANAGED FUNDS SERVICE**

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 873 4878 for more details.

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Year	Number of New Cases (Approximate)
1981	850
1982	950
1983	750
1984	700
1985	750
1986	650
1987	700
1988	800
1989	750
1990	850

FTSE 100 Index	
+26.8	Closing index Dec 5 ..... 5142
+26.2	Change over week ..... +311
+24.28	Dec 4 ..... 5082
3.27	Dec 3 ..... 4970
+15.4	Dec 2 ..... 4977
20.15	Dec 1 ..... 4921
+84.5	High ..... 5178
6.52	Low ..... 4859
2.00	Inter-day high and low for week

■ CHIEF PRICE CHANGES YESTERDAY			
London (Pence)			
Rises			
Bass	921	+	37
Billiton	155	+	7
Biocompatibles	655	+	22

Christies Intl	249½	+ 20
Electrocomps	460	+ 19
Ernstsons	58½	+ 6
Gen Accident	1130	+ 52
Greene King	678	+ 19½
Landround	107½	+ 10
London Clubs	289	+ 14
NatWest	940	+ 14½
Railtrack	1091	+ 30
Select Anns	60½	+ 17½

TGI	66	+ 10
Tudor	59½	+ 6
<b>Faila</b>		
ABI Leisure	26	- 3
BTR	182½	- 25½
Brit Aerospace	1665	- 28
Brit Biotech	107½	- 11
Counts	440	- 17½

Linelight	28½ - 8
Norwich Union	380 - 13
Total Systems	59½ - 9

Among transport stocks Railtrack rose 30 to £10.91 helped by recent positive comment from UBS and news that the European

Investment Bank had agreed a £600m loan to upgrade the UK rail network.

Stagecoach, which owns the Porterbrook train leasing company, shrugged off recent fears of increased regulation and gained 12½, to 765½p.

Billiton, the mining company, was the best performer in the FTSE 100, index. The shares rose 7% to 155p as the company held a presentation for investment institutions and Robert Fleming Securities published a buy recommendation.

**Ramco Energy**, the oil company traded on AIM, rose 62% to 862½p on talk that the group is close to striking a deal on the redevelopment of the shallow water Guneshli field in Azerbaijan.

A sharp improvement in full-year profits for Landdround, the travel group which floated on Aim in August, saw the shares improve 10 to 107½p.

Falls		Crest		Falls	
Same	Rises	Same	Rises	Same	Rises
76	1	184		203	3
1	4	4		1	40
51	35	361		356	192
121	357	764		622	1,708
40	131	351		239	619
108	303	769		548	1,554
10	12	138		51	61
50	195	688		361	961
28	288	1,235		254	1,604
28	268	339		299	1,241

513	1,584	4,821	2,851	7,987
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London Share Service.

UK Tax	101½	+7	-	-	-	-
	30½		-	-	-	-
	21		-	-	-	-
	125½	+5	W-	-	-	-22.5
Ops Tax	113½		-	-	-	-
Int	153½		-	-	-	-
Units	£72½		-	-	-	-
Tech	65	-15	-	-	-	-
Rate	25	-5	-	-	-	-
ssan	73½		-	-	-	-
net. Sys	57½		-	-	-	-
Equipment	121½	+1	L1.73	4.1	1.8	15.3

Forest	54	-	-	-	-
Booker Co	6 1/4	-	-	-	-11.8
Technology	98 1/2	-	-	-	-
Asset Mgmt	113 1/2	W4.06	2.0	4.5	14.0
Ship	251 1/2	R12.5	2.4	6.2	8.4
175		L0.8	6.9	0.6	29.3

Source: "Introduction. For a full explanation of all the numbers, see the Service notes.

	Stock	Closing price p	+or-
pm	FI Group	205pm	
m	Green Property	30pm	-2

Dec 2	Dec 1	Yr ago	*High	*Low
3205.2	3182.2	2740.7	3430.3	2658.8
3.55	3.57	4.14	4.22	3.29
20.73	20.58	18.85	22.33	15.8
20.45	20.3	18.49	22.02	15.71

48.4 18/02/00. Rate Date: 1/7/95.

	10.00	14.00	18.00	High	Low
1997	3252.1	3265.6	3283.9	3282.6	3227.2
	Dec 3	Dec 2	Dec 1		Yr ago
4	44,587	50,918	46,525	98,338	
A	2388.4	2597.9	2503.1	1815.8	
A	38,481	41,328	38,519	20,801	
A	676.1	732.5	709.0	431.0	

but including cross turnover.  
revised: 5/19/97

**Value: £33,183,766**

.....















# Dow gains in spite of sliding bonds

## AMERICAS

US equities ignored a morning of plunging bond prices and new signs of surprising strength in the labour market to send the Dow Jones Industrial Average above the 8,100 level, writes John Labate in New York.

By 12.30pm the Dow had gained 62.67 or 0.78 per cent at 8,112.83. The broader Standard & Poor's 500 index gained 7.17 at 980.27, while the technology-rich Nasdaq composite index rose 10.40 or 0.64 per cent at 1,623.69.

In the most anticipated economic report of the week, unemployment for November fell to 4.6 per cent, its lowest point in 24 years. Payroll employment surged by 404,000 jobs while average hourly earnings rose 0.6 per cent. The report set off a wave of early selling in the Treasury market, but by midday bonds were off earlier lows. The 30-year bond price was down 3/8 to 100 1/8, lifting yield to 6.102 per cent.

The market had its own reading on the jobs report. "Low unemployment is inflationary but it promotes the fact that we're going to see strong earnings," said Michael Clark, head of listed trading at Credit Suisse First Boston.

Leading the Dow higher was Hewlett-Packard, which rose \$2 1/4 to \$95 1/4.

Among financial stocks, reports that Merrill Lynch was close to acquiring investment bank Hambrecht & Quist sent both shares lower. Hambrecht & Quist, which rose more than 9 per cent on Thursday, was down 4.4 per cent yesterday to \$43. Merrill's shares were off by \$4 to \$75 1/4.

In the computer sector, Ascend Communications surged 3% or more than 13 per cent to \$30 1/4 on takeover rumours. Shares in Netscape Communications rose more than 6 per cent to \$11 1/4 at \$28 1/4 after the company released results.

TORONTO moved higher with banks and golds gaining ground steadily after initial slippage following the publication of the US employment data. At noon, the 300 composite index was up 31.29 at 6,693.60.

Golds made progress with Barrick and Placer Dome adding 30 cents at C\$22.50 and 60 cents at C\$15.90. Banks too were in demand. Royal Bank of Canada rose 25 cents to C\$80.15 and Bank of Montreal improved 5 cents to C\$84.10. Toronto-Dominion Bank added 10 cents at C\$52.70. BCE put on 40 cents to C\$45.90.

Among smaller caps, the soft drinks group Cotti Corp repaired early damage following weak third-quarter results, hardening 5 cents to C\$14.05.

## EUROPE

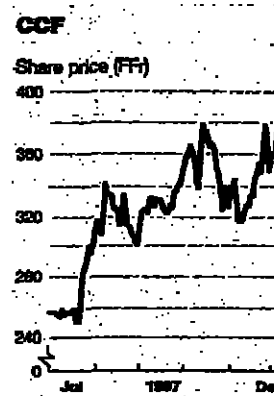
European equities wobbled violently when the US jobs data for November flashed across dealers' screens, but Wall Street made a fairly resilient start and by the European close leading bourses were back on the upside.

FRANKFURT easily recovered its 1 per cent afternoon slide with the stronger dollar helping shares to climb back to morning highs. The Xetra Dax index closed 32.09 higher at 4,191.81.

Deutsche Bank was the day's most heavily traded share, up DM2.75 at DM118.10 on rumours that it may buy some of SBC's Swiss businesses if UBS and SBC merge. It was unclear if these would be in retail or investment banking and Deutsche refused to comment on the rumours.

CEC and Alcatel-Alsthom, with bid rumours supporting the bank and the planned flotation of its GEC Alsthom unit lifting Alcatel. At the end of a relatively slow day for trading, the CAC 40 index was 4.36 ahead at 2,910.08.

CCF jumped FF15.00 or 4 per cent to FF339 in good



Source: Reuters/Refinitiv

DM116. The shares closed 30 1/2 higher at DM115.25. Other utility stocks continued to benefit from speculation that they will soon announce restructurings. VIAG advanced DM38.50 to DM98.50 while RWE was DM2.05 higher at DM97.75.

PARIS ran up strong gains. CCF and Alcatel-Alsthom, with bid rumours supporting the bank and the planned flotation of its GEC Alsthom unit lifting Alcatel. At the end of a relatively slow day for trading, the CAC 40 index was 4.36 ahead at 2,910.08.

CCF jumped FF15.00 or 4 per cent to FF339 in good

volume on talk that a foreign buyer was teeing up a takeover.

The stock has risen 8 per cent in two days, although the upturn on Thursday was at the time said to stem from the group's purchase of a controlling stake in a privately owned Belgian bank.

Alcatel rose FF760 before slipping back to FF747, up FF7, following positive broker comment on the move to float its GEC Alsthom joint venture. The offshoot has sales of more than €60bn and, if all goes well, will be demerged next spring.

Oils continued to rally. Elf Aquitaine put on FF11 to FF389 and Total FF9 at FF614.

AMSTERDAM ended 1.77 higher at €20.50 on the AEX index after a low volume session. Financials were weak with ABN Amro slipping 3 cents to €14.40. But the heaviest casualty of the day was paper group KNP BT which retreated €1.1 or 2.2 per cent to €14.30.

Royal Dutch rallied along with European oil stocks generally, adding €1.29 or 2.8 per cent to €106.50. Philips gained €1.50 to €133.10, but PolyGram, the group's entertainment offshoot, fell

## FTSE Actuaries Share Indices

December 5	December 4	Change	%	YTD	%	Total	%
FTSE 100	2,908.00	+10.00	+0.34	+10.00	+0.34	2,908.00	+0.34
FTSE 250	1,612.35	+11.31	+0.70	+11.31	+0.70	1,612.35	+0.70
FTSE 350	1,012.35	+1.78	+0.18	+1.78	+0.18	1,012.35	+0.18
FTSE 450	682.48	+0.41	+0.60	+0.41	+0.60	682.48	+0.60
FTSE 550	362.43	+0.48	+1.32	+0.48	+1.32	362.43	+1.32
FTSE 650	288.87	+0.82	+0.28	+0.82	+0.28	288.87	+0.28
FTSE 750	234.35	+1.79	+0.76	+1.79	+0.76	234.35	+0.76
FTSE 850	185.69	+0.12	+0.06	+0.12	+0.06	185.69	+0.06
FTSE 950	127.04	+0.58	+0.46	+0.58	+0.46	127.04	+0.46
FTSE 1050	100.71	+0.60	+0.60	+0.60	+0.60	100.71	+0.60
FTSE 1150	109.56	+0.38	+0.34	+0.38	+0.34	109.56	+0.34
FTSE 1250	104.54	+1.02	+0.97	+1.02	+0.97	104.54	+0.97

Source: Reuters/Refinitiv

FTSE 1.40 to FTSE 101.50 after a downgrade from "buy" to "add" at NatWest Securities on concerns about the steel market.

Steel leader Hoogovens improved 50 cents to FTSE 194.30 after reports of a positive meeting with analysts.

EURO ended higher with the SMI index adding 38.5 at 6,009.0. Strong gains for two of the big banks supplied most of the underpinning.

Booyed by a renewed outbreak of merger rumours SBC advanced FF16.50 to FF347.50 and UBS gained FF38 to FF1,930. Their combined

turnover was in excess of SF700m.

MILAN closed almost unchanged, with hopes of an interest rate cut still the main factor driving share prices. The Mibtel index ended 21 higher at 15,754.

Financials were again the main focus. Rumoured merger partners, San Paolo di Torino and IMI, were pulled two ways after CSFB upgraded San Paolo, whose shares leapt 1.24 to L15,774, while Merrill Lynch downgraded its recommendation for IMI, which slipped L216 to L18,650.

Credito Italiano rose L129

to L5,043 after insurer RAS asked for authorisation to increase its 4.99 per cent stake to over 5 per cent.

RAS, which is controlled by Allianz, refused to comment on why it had made the move.

COPENHAGEN reached another all-time high after Thursday's record breaking performance, with the KFX index closing 1.52 higher at 300.92. Banks were again the main feature, with Den Danske Bank up DKr10 to DKr845 and Jyske Bank DKr5 better at DKr780.

MADRID ended slightly higher after a volatile session, with the general index advancing 0.58 to 825.5.

Dealers said trading had been thin with most investors content to sit out the session ahead of a public holiday on Monday.

MOSCOW ended the week on a high note as shares rose strongly for the third successive session, helped by news that Russia's Duma had finally passed the 1998 budget. The RTS index finished 20.63 higher at 382.42 for a three-day gain of 18 per cent.

Written and edited by Jeffrey Brown, Jonathan Ford and Peter Hall.

# IMF deal pushes Seoul 7% higher for second day

## ASIA PACIFIC

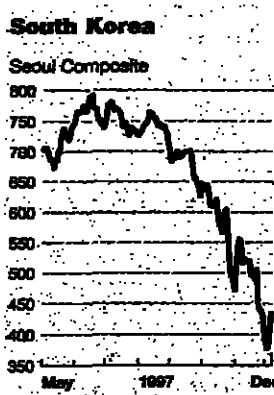
SEOUL extended Thursday's broadly-based rally as investors stayed on the buy side, hoping that dramatic market-opening measures ordered by the International Monetary Fund will revive foreign investment in South Korean equities.

The composite index rose by 7 per cent for the second day, ending at 28.31 higher at 434.12.

Volumes fell to 91.4m shares traded from Thursday's record 111.3m, but the market's momentum was again sharply upward. Gainers outnumbered losers by 711 issues to 196.

Analysts said investors were pinning their hopes on a measure requiring foreign ownership limits on Korean stocks to be lifted from 26 per cent to 50 per cent on December 15.

Buying was most active in those shares seen as likely



Source: Reuters/Refinitiv

targets for foreign investors. Samsung Electronics rose Won3,600 to Won4,800 and Hyundai Motor Won1,800 to Won2,400.

KUALA LUMPUR continued to rally, with the composite index adding 31.51 to 607.40 for a four-day advance of more than 15 per cent. The finance ministry's announcement of a package

of economic measures, including spending cuts and a squeeze on credit, gave sentiment a substantial boost, although construction and property shares met with selling. The property sector fell 2.1 per cent.

TOKYO reversed three days of losses, with the Nikkei 225 average gaining ground steadily. Brokers said there had been a covering of financial stocks plus solid demand for a number of blue chips.

The Nikkei 225 closed up 117.89 at 16,424.43 after trading within a range of 16,348.25 to 16,597.89. Brokers said bargain-hunting and short-covering in the morning gave way to position squaring towards the close. The Nikkei December future ended up 70 to 16,460.

The broad mood remained cautious, losers outnumbering winners 582 to 508, with 179 stocks all-square. But activity improved. Volume

was 422m shares compared with 391m on Thursday. According to dealers, investors were largely on hold ahead of next Wednesday and the government's announcement of its stabilisation measures for the financial system.

One broker said: "Investors are not eager to tilt their positions greatly in either direction until the outlook is clearer."

There was interest in Yasuda Trust following the news that the company was considering further restructuring. Yasuda rose ¥16 to ¥131 in 25.3m shares traded. Daiwa Securities added ¥1 to ¥411 in volume of 20.5m.

Honda Motor hit a fresh all-time high of ¥4,830 at one stage before settling back to ¥4,760, up ¥120. Sony gained ¥400 to ¥11,800.

The Nikkei 300 index added 1.77 at 246.30 and the broader Topix index gained 7.69 to 1,236.43. In London,

the ISE/Nikkei 50 index advanced 3.17 to 1,518.05. TAISEI closed sharply higher for the fourth straight session. Improving sentiment across Asia, plus news of a move to liberalise share buy-backs, sent the weighted index up 116.74 or 1.5 per cent to 8,166.87. Turnover was heavy at ¥198bn.

The big electronics stocks were mixed. Taiwan Semiconductor came off T\$1.50 to T\$121. Advanced Semiconductor rose T\$2.00 to T\$121.

JAKARTA shrugged off sharp falls in the rupiah as buying interest focused on consumer and manufacturing stocks. The composite index rose 12.85 to 414.78.

MANILA pushed ahead strongly. The composite index advanced 93.15 or 5.2 per cent to 1,900.06, its highest for more than a month. Property shares shot ahead with the sector index rising 8.4 per cent. Philippine Long Distance Telephone climbed

35 pesos to 890 pesos. BOMBAY stayed weak as institutional investors took their cue from the political uncertainty created by the dissolution of parliament to keep out of the market. The BSE index shed 58.02 or 1.6 per cent at 3,469.08.

Written and edited by Jeffrey Brown, Jonathan Ford and Peter Hall.

## SOUTH AFRICA

Shares in Johannesburg ended lower with sentiment badly dented in the dying moments of the session by the US jobs data. The all-share index came off 1.6 per cent to 6,160.1.

Golds lost 20.7 to 670.1, but the main damage was done by industrials where the index tumbled 2.2 per cent to 7,463.5.

JCI bucked the downturn, surging 19 per cent to R24 on takeover rumours. Brokers also said the shares looked attractive against a net asset value of R35.

# LONDON STOCK EXCHANGE - DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is delivered by Easys, part of Reuters Information Services. The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday. They are not in order of execution but in ascending order of the day's highest and lowest trades. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. The size of individual deals is rounded to the nearest thousand and represented without parentheses, where available. If figures at special prices. \* Bargains done the previous day.

## British Government Stocks

Consolidated Stock Exchange PLC 9% Deb 2010 (Reg) - 123.23 (03/04/97)

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## Listed Companies (excluding Investment Trusts)

Abbey National PLC 10% Non-Cum Div 2010 (Reg) - 123.23 (03/04/97)

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## COMPANIES AND FINANCE

## Losing streak for London Clubs

By David Blackwell

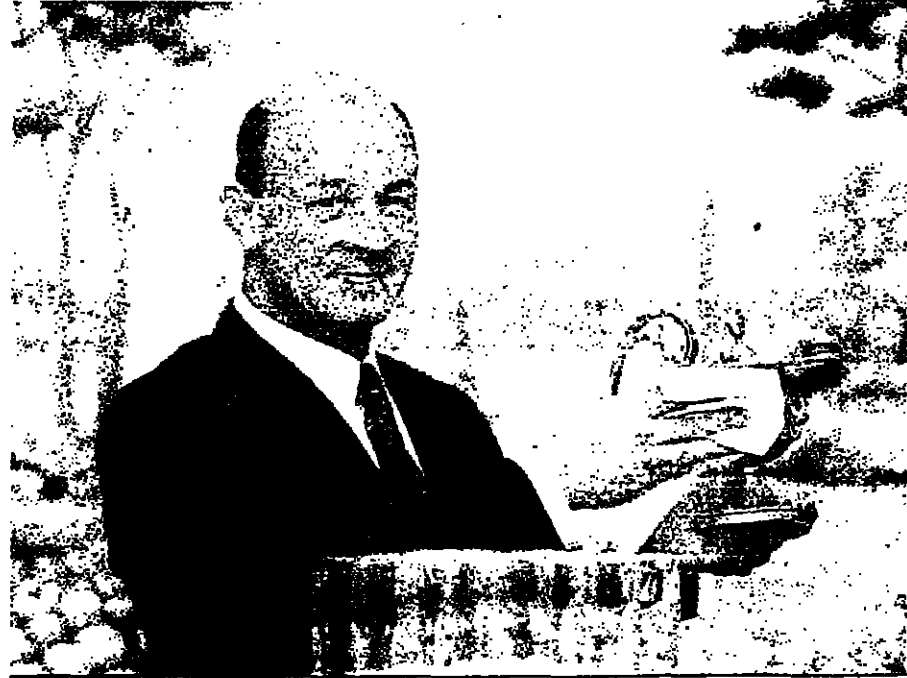
A winning streak by some high rolling gamblers knocked back profits at London Clubs International, which operates seven of the capital's 21 casinos.

But news that the financing has been put in place for the Aladdin casino complex in Las Vegas, in which London Clubs has taken a 25 per cent stake, helped to push the shares up 14p to 289p yesterday.

Pre-tax profits fell from £19.1m to £13.5m in the 26 weeks to September 28. The turnover - or the amount the casinos won from customers - fell from £94.3m to £85.7m.

Alan Goodenough, chief executive, said the declines reflected "the nature of the business". The win from the first nine weeks of the second half was ahead of the comparable period last year.

The group, which was stopped by the Department of Trade and Industry from bidding for rival London casino operator Capital Corporation, announced in Jan-



Alan Goodenough: the Aladdin complex would be opened around the turn of the century

uary that it was investing \$50m (£29.9m) in the Aladdin complex. Earlier this month, it emerged that Planet Hollywood would be involved in

the \$837m project.

Mr Goodenough said the complex - to be built on Las Vegas Boulevard, or The Strip - would be opened

around the turn of the century. He described the site as "snack bang in the epicentre of what goes on in Las Vegas", where the gaming

win per year is \$4.5m, or eight times the total UK level.

Earnings per share fell from 8.9p to 6.8p. The interim dividend is held at 2.65p.

## COMMENT

The fall in the first-half win should not be taken too seriously. A betting man looking at the track record would see that the win has grown fairly steadily from £14m to £17m over the past five years. Taking into account the continuing development overseas, the likelihood is that profits for the full-year will be £1m or so ahead of the previous year's £35.2m. The shares looked out of line when they moved above 400p during the hostile bid for Capital. But at this level they look a good long-term bet - in effect punters will be buying into Aladdin for nothing. Given its position, Aladdin is unlikely to prove a flop despite the design being - to use the jargon - "themed". And if it proves to be a winner, it could generate annual profits of £1m.

## Chelsea in bond market debut

By Edward Luce and Simon Kuper

Chelsea yesterday became the first UK football club to enter the debt market when Chelsea Village, its holding company, issued a £75m (£125.3m) eurobond.

Chelsea is barred from using any of the proceeds to buy players. "This sort of money could be gobbled up quite easily in transfer payments," said one trader.

Investors have the added security of first call on Chelsea Village's fixed assets in the event of default or bankruptcy.

The company said it would spend about £25m of the proceeds on developing the 12.5 acre Chelsea Village site, which includes the Stamford Bridge football ground, a hotel and several shops. The site's value is currently about £95m and is expected to reach £150m on completion in 1999. Chelsea said it now had enough funds to finish the work.

A further £22m of the proceeds will be used to refinance Chelsea's more expensive bank debt. It will use the remaining £12.5m to buy the rest of the freehold of the site from the estate of Matthew Harding, the former Chelsea vice-chairman killed in a helicopter crash last year.

Chelsea signed a deal in 1982 with West Registered Properties, a Royal Bank of Scotland subsidiary, allowing the club to buy the entire freehold for a permanently fixed price of £16.5m. "That was an absolutely brilliant deal," said Frank Kennedy, executive director of SBC Warburg, book runner for the bond.

Mark Taylor, a non-executive director and lawyer for the club, said Chelsea might later move into hotel developments or leisure activities. "We are not looking to let Stamford Bridge be our be-all and end-all. The team is doing very nicely now thank you very much, but who knows what will happen in the future?"

The bond, worth almost half Chelsea's market value, pays a spread of 2.25 percentage points above 10-year UK government bonds, giving investors an annual coupon of 8%. This is considered relatively generous. Chelsea is going outside the equity markets after months in which football shares have performed poorly.

The bonds have all been sold, mostly to UK pension and insurance fund managers although a few were snapped up by Swiss and German retail investors.

## NEWS DIGEST

## Ghasemi resigns from BOC

Setfi Ghasemi, a director of BOC Group and head of its US industrial gases operations, has resigned with immediate effect.

He is the second senior manager of the gases business to leave the company since Danny Rosenkrantz, the former chief executive of BOC, took over last year. C.K. Chow resigned as chief executive and managing director of BOC Gases in June 1996.

Mr Ghasemi said he was leaving because he was the same age as Mr Rosenkrantz and was therefore unlikely to get the opportunity to take the top job. He is understood to still be considering his next move.

Analysts said Mr Ghasemi, who has been with the company since 1979, would be hard to replace. BOC said it was talking to him about the possibility of employing him as a consultant on some of its larger projects, such as the \$1bn (£500m) contract to build the world's largest nitrogen plant for Pemex, the Mexican oil company, announced in October. It added that it hoped to appoint a replacement soon.

BOC shares closed up 5p at 980p yesterday but underperformed the market. *Roger Taylor*

## H&amp;C sells petfoods side

Harrisons & Crossfield moved closer to shedding its conglomerate status yesterday with the £106.3m sale of its petfoods business.

In October, the company announced the sale of its builders' merchants subsidiary, Harros, for £318m. It also outlined plans to return £395m to shareholders, and the sale of its remaining food and agriculture businesses, leaving the company focused on speciality chemicals and chemical distribution.

It sold Edward Baker Petfoods to the US group Ralston Purina. The Suffolk-based business employs 420 people and made operating profits of £8.6m last year on sales of £71.1m. Harrisons will book a profit on disposal of £43m before tax and transaction costs.

The proceeds raised will go towards funding the company's special pay-out to shareholders, expected to amount to at least 50p a share.

Bill Turcan, chief executive, said the company was also in talks to sell its malt and animal feeds business, which have combined annual sales of £700m.

Harrisons' shares rose 6 1/2p to 123 1/2p. *Charis Gresser*

## Gooch &amp; Housego's £18m tag

Shares in Gooch & Housego were yesterday priced at 105p, giving the maker of precision optical components and equipment a market value of £17.8m when trading starts on AIM next Friday.

Archie Gooch, the 80-year-old executive chairman who founded the company in a loft in 1946, realised about £2.8m in the placing, which raised £3.9m for existing shareholders. A total of 5.63m shares have been placed with institutions, representing 33.3 per cent of the enlarged equity.

The placing generated about £1.5m for the company, net of expenses, about £1m of which will fund the building of a new factory in the US, with the remainder as working capital.

In the year to September 30, G&H made pre-tax profits 49 per cent ahead at £1.58m on sales that rose 13 per cent to £6.72m. Earnings per share before an exceptional gain of £149,000 were 6.42p, giving the shares a p/e of 16.4 at the placing price.

Price Waterhouse Corporate Finance is the nominated adviser to the issue and Sutherlands is the nominated broker. *Andrew Davis*

## SNT low asset rollover

Less than a third of the £540m of assets invested in Scottish National Trust, the biggest split capital investment trust, has been rolled over into the successor vehicle, Second Scottish National. This will start trading on Monday with £174m of shareholder funds, including £5.5m of new money.

The level of rollover is less than the 50 per cent level that had been predicted by SBC Warburg Dillon Read, one of the brokers to the issue. But Archie Walker, chairman of Second Scottish said "we are delighted to have launched the largest investment trust this year".

*Jean Eaglesham*

## Liberty's dissidents claim victory

By Robert Wright

Dissident shareholders at Liberty, the luxury London department store, last night claimed victory in their campaign to oust the company's chairman.

An adviser to Odile Griffith and Brian Myerson, the two shareholders who wish to be installed as non-executive directors and to remove Denis Cassidy, chairman, would say only that they were confident of victory.

However, it appeared that there had been a decisive change in the relative strengths of the dissidents and the existing board.

An extraordinary meeting has been called for Thursday

by Elizabeth Stewart-Liberty, a descendant of Liberty's founder, to oust Mr Cassidy and install Miss Griffith, financial adviser to five members of the immediate Stewart-Liberty family, on the board.

The immediate Stewart-Liberty family, who control 27 per cent of the company, have acted in concert with Brian Myerson, a South African investor who holds 17 per cent. The dissidents have also received an irrevocable promise of support from Manny Davidson, a property developer, who holds 2.8 per cent.

The dissidents had long claimed they were likely to win because of their commanding position with 47 per

cent of the votes. However, it appeared that victory had become certain yesterday with the decision of a large pension fund, holding more than the 3 per cent necessary for victory, to vote against the board.

Because no irrevocable decision has yet been made by the pension fund, Liberty might still try to alter the vote by appealing direct to the trustees involved.

As recently as Thursday, the Liberty board had said it expected to receive support from nearly all the 31 per cent of Liberty shares held by institutional investors.

The board had been buoyed recently by firm promises of support from members of the wider family

descended from Arthur Liberty, who account for 16 per cent of the shares. Institutional investors have also promised the board another 15 per cent of the total votes.

If the board loses, as seems likely, it will be a victory for a remarkable combination between two old enemies, Mr Myerson fought the immediate Stewart-Liberty family for several years in the early 1980s over the Liberty shareholding structure, which excluded non-family shareholders from voting.

The two groups appear to have agreed in disliking the management style of Mr Cassidy, appointed in 1996. The two groups accused Mr Cassidy of not giving share-

holders sufficient information.

Each of the argument in the run-up to the extraordinary meeting has been over the present management's plans for a £43m (£72m) redevelopment of the company's flagship Regent Street store. Liberty has also underperformed other retailers dramatically in recent years.

Liberty's entire team of professional advisers has said it will resign if further directors quit because their position becomes untenable in the wake of Mr Cassidy's departure.

No one at Liberty or the pension fund involved was available for comment last night.

## BTR shares fall 12% after fifth warning

By Andrew Edgecliffe-Johnson

Shares in BTR, which is struggling to turn itself from an unloved conglomerate into a pure engineering business, fell by 12 per cent in London yesterday after its fifth profits warning in just over three years.

Shareholders were divided over whether the news would herald the end for Ian Strachan, BTR's chief executive and the architect of its disposal strategy.

"He is in danger of having an extremely short shelf life now," one institutional shareholder warned. Most,

however, echoed another who said: "The City has given up on BTR, but we are not standing here baying for blood."

The shares dropped 25 1/2p to 182 1/2p in exceptionally heavy trading after the company said recent falls in Asian and South American economies, coupled with the strength of sterling, would damage full-year profits.

Mr Strachan, BTR's chief executive since January 1996, appealed for patience and said shareholders had so far backed his plans.

He said: "I am quite confident that the strategy I've articulated for BTR will be

supported by shareholders as the best way of achieving value." But he added: "When you're engaged in a massive transformation of this nature you can't turn on a sixpence."

Analysts cut their forecasts for this year's profits by about £50m to £1.06bn after BTR warned that operating profits in the second half of the year would be "more or less in line" with the £565m made the first half by those businesses not affected by its disposal plan.

BTR also said the strong pound would take £75m off the translation of full-year results, rather than the £63m

it predicted in September. It did not quantify the impact on its trading, but Mr Strachan said this would be higher than the £11m damage done in the first half.

BTR had been particularly badly hit by a decline in South American car sales following Brazil's decision to double interest rates, and by lower automotive shipments to Korea and Indonesia from its Australian operations. One investor warned such factors could lead to another profit warning next year.

Some analysts were concerned by news of "production and cost inefficiencies" in the laminates part of its

packaging division, which is up for sale.

Mr Strachan said such issues should have little impact on his plan to dispose of businesses with sales of £2.8bn, saying: "These are short-term trading factors. Potential purchasers look through that to the long-term value."

He added that investors had to expect some "turbulence" in turning BTR around, but said he was encouraged that BTR was now "focused on markets, customers and sales growth," and had shed its former obsession with ever-increasing profit margins.

## Chivvied along by back-seat drivers

Ian Strachan's detractors want to see more action, says Andrew Edgecliffe-Johnson

Ten days ago Ian Strachan, BTR's chief executive, hosted a party for the team behind Thrust SSC, the supersonic car which BTR sponsored through its successful land speed record attempt.

The biggest challenge Thrust faced was turning the car around in time to make a second run to qualify for the record, its driver Andy Green explained. It is a problem Mr Strachan may sympathise with: turning BTR round is proving a slow and painful process.

The urbane Cambridge and Princeton graduate has been in BTR's driving seat for two years. When the conglomerate announced his appointment, its shares slipped 1 1/2p to 304p, but the trend has accelerated through his two-year tenure, and last night the shares were at 182 1/2p.

Most investors have resisted the usual temptation of calling for the chief executive's head, however. As one analyst put it: "This would be an awkward state to replace the driver, although in other circumstances it's difficult to imagine another management surviving at this point."

"Some of the problems were his inheritance," typified the reaction yesterday, and there are other justifications for Mr Strachan's survival so far. Despite the flow of downgrades to profit forecasts in the past two years, few shareholders quibble with the broad strategy devised when he took over from the tough Australian, Alan Jackson.

His plan of shedding BTR's unfashionable conglomerate

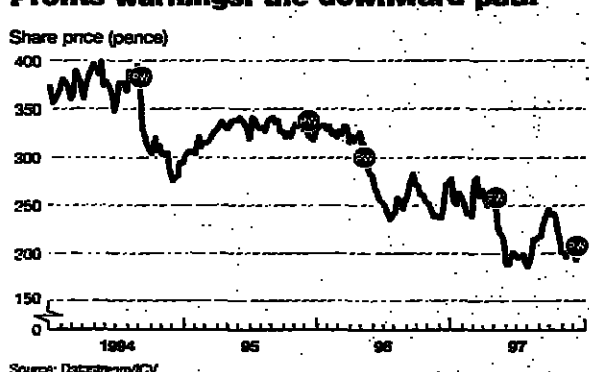
status by stripping it to a group of engineering companies has been broadly welcomed, as has his challenge to the old BTR culture where managers focused on increasing profit margins, even at the expense of sales growth.

The problem has been the delivery of the strategy. Having announced plans to sell a quarter of the businesses in 1996, BTR had to unveil a more radical "phase two" disposal plan three months ago, taking out a third of the remainder with annual sales of £2.8bn.

Analysts are sounding less patient than the investors. "Don't think people are happy with this," one cautioned yesterday. "They are probably just getting to the punch drunk stage."

Mr Strachan sounded surprised at the market's violent response to yesterday's news about the effects of sterling and troubled overseas markets on BTR. "Most shareholders would know the impact of the things

## Profits warnings: the downward path



Source: Datastream/ICI

we've mentioned," he maintained.

Andrew Mitchell, an analyst with Merrill Lynch, disagreed: "The impact was probably £50m or more worse than most people expected, and the implications for 1998 and beyond are more important."

David Alchurch of NatWest Markets attributes some of the blame for BTR's share slide to Mr Strachan, saying: "I think people wish

he was showing a bit more urgency and contrition." His other concern was that BTR seemed more vulnerable to the effects of a strong pound and turbulent emerging markets than most of its peers.

The worry is why BTR is already suffering in Asia and South America when other exporters are not yet feeling the pinch, even if they know it is coming.

One of BTR's most bearish shareholders said: "The dan-

ger is that Asia is being used as a convenient excuse for what was an inevitable trend." He added, ominously: "I expect there's at least one profit warning to come next year as the Far East does bite."

BTR has the largest exposure to Asia of any company in the diversified industrial sector, as 29 per cent of its sales are to the region.

There are some optimists among BTR's followers. Its woes are beginning to attract "value" fund managers who are betting that the news has to start getting better soon, not least when Bob Bauman, the British Aerospace chairman, takes over BTR's chairmanship from Elwyn Elledge.

"You're talking about turning round a super-tanker and restructuring it along the way, and that takes time," a sympathetic shareholder said yesterday. Few analysts think the good ship BTR will end up on the rocks, but there are still choppy waters ahead.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends	Corresponding dividend	Total for year	Total last year
ABU Leisure	Yr to Aug 31	58.3 (59.8)	5.63A (5.63)	11.9L (11.4)	nil	-	3.47	1.63	4.89
Admiralty	8 mths to Sept 30	1.93 (0.72)	0.227 (0.079)	0.7 (0.3)	-	-	-	-	-
Corporate Exec	6 mths to Sept 30	2.3 (1.34)	0.227 (0.054)	0.06 (0.16)	-	-	-	-	-
Courts	28 wks to Sept 28	210.4 (180.4)	9.71 (8.56)	7.45 (6.7)	1.05	April 9	1	-	3.75
Foster (John)	5 mths to Aug 31	4.48 (6.34)	0.0177 (0.011)	0.3 (3.8)	-	-	-	-	-
Brownie King	24 wks to Oct 18	132.1 (107.8)	20.77 (14.4)	26.37 (18.8)	5.3	Feb 2	4.75	-	18.35
Lambrund	Yr to Sept 30	1.5 (-)	0.391A (-)	6.7 (-)	2.2	Feb 5	-	2.2	-
London Clubs Int'l	6 mths to Sept 28	65.7 (64.3)	13.5A (18.1)	8.8 (8.9)	2.825	Jan 30	2.825	-	8.25
Rhyolite	Yr to Aug 31	0.044 (0.53)	3.06 (0.521)	9.52 (2.54)	-	-	-	-	-
Resident Int'l	6 mths to Sept 30	143.5 (127.6)	4.53 (3.32)	1.48 (1.12)	0.63	Feb 16	0.63	-	2.58
Investment Trusts	MAY (p)								
Brazilian Smelters	8 mths to Sept 30	161.13 (144.63)	0.477 (0.071)	0.76 (0.11)	nil	-	nil	-	nil
China	8 mths to Sept 30	154.8 (101.5)	0.127 (0.050)	0.8 (0.32)	nil	-	nil	-	nil
Scandinavian Int'l	6 mths to Oct 31	108.86 (99.5)	0.095 (0.082)	0.11 (0.18)	nil	-	nil	-	0.5

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. On increased capital. All stock. A Comparatives restated. SUS currency.

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## Strong demand for Tianjin IPO

At the luxury end of the market, the Europeans claim their success will prove more lasting this time. Of the onslaught from Japan nearly a decade ago, Mr Basserman said: "We were taken a little bit by surprise when the Lexus 4000 was introduced. Today, we are prepared."

The move, which was widely expected, means US Treasury bond and German bund futures and options will no longer trade on the floors of Life and the CBOT respectively. The link was established on May 9 after both exchanges agreed to explore traders' after-hours requirements.

## San Miguel moves on bid fears

fuelled by this week's sale of Pacific Link, the Hong Kong mobile telecoms arm of First Pacific. The HK\$4.8bn (US\$620m) deal yielded receipts of HK\$2.4bn for First Pacific, providing funds for a possible bid for San Miguel.

In recent years, there have been other important departures from the company, but Mr Turle's venture represents the biggest split to confront Kroll Associates since

**K**roll O'Gara plans to develop two main

Ted Price, a former deputy head of CIA operations, who is a senior executive at O'Gara agrees: "O'Gara's hardware fits into Kroll's piece of the action."

But it is not the only thing his company is looking for from the merger. "I would hope it will bring more financial discipline to Kroll from a fiscal point of view."

**K**roll O'Gara plans to develop two main divisions, reflecting the two companies' respective strengths - Kroll's investigative expertise and O'Gara's provision of armoured vehicles and security equipment. Senior executives are also keen

It remains to be seen how long Kroll/O'Gara will be able to resist answering questions about some of the more sensitive aspects of the business now that Kroll's corporate cover is blown.

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**6 December 1997**


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Weekend December 6/December 7 1997

## Fears over Yasuda prompt cash pledges

By Gillian Tett in Tokyo

Japanese government and business officials yesterday scrambled to avert another financial failure in Japan amid market unease about the health of Yasuda Trust Bank, the country's fourth largest trust bank.

The business allies of Yasuda Trust pledged to contribute ¥50bn (\$364m) to a capital-raising exercise after the company announced major restructuring, including a withdrawal from overseas commercial banking operations.

The Bank of Japan also continued to flood the market with liquidity in an attempt to avoid a credit squeeze at groups such as Yasuda. The Ministry of Finance was reported by traders to be using its reserves to provide foreign currency loans to weaker Japanese banks via a leading bank. This was designed to help

banks having problems raising money in overseas markets, traders said.

The ministry refused to confirm the reports. However, a senior government official said: "We are going to take every measure necessary to prevent a liquidity problem causing any bank to fail."

The steps appear to reflect a shift in policy by the Japanese government, which has been alarmed by the turmoil triggered last month by the collapse of Yamachi Securities, the country's fourth largest broker, and two other large institutions.

Until now, government officials have insisted they would not intervene directly to support the ailing regional banks. The government also refused to bail out Yamachi Securities when it ran into problems.

However, officials are concerned by the degree to which Yamachi's failure has dented investor confidence in other

Japanese institutions. Some fear that failures among other big groups could trigger a broader systemic crisis.

Yasuda Trust Bank, which has huge bad loans, has suffered a particular loss of confidence. Its share price plunged last week below ¥49, although it closed yesterday at ¥51, or ¥16 higher, after the pledges of support. Customers have withdrawn assets and foreign banks stopped lending to the group. However, a government official yesterday said: "The bank is solvent. There is no reason for it to fail."

Fuji Bank, which refused to save its ally Yamachi last month, said it would help Yasuda. It has pledged to provide ¥15bn capital. A further ¥35bn will be provided by other members of the "Fuyo" corporate group: ¥15bn from Yasuda Life group, ¥10bn from Yasuda Fire and Marine and ¥5bn each from Marubeni and Taisei.

## Japanese photofilm market is not rigged, says WTO

By Frances Williams in Geneva and Nancy Dunne in Washington

A World Trade Organisation panel has rejected US charges that Japan's photofilm market is rigged against foreign competitors.

The landmark interim ruling - part of a dispute that has pitted Eastman Kodak of the US against its Japanese rival, Fuji Film - was still officially confidential last night. But it was denounced as "totally unacceptable" by George Fisher, Kodak's chairman. He said the verdict "ignores market reality".

"The US market is open and Japan's market is closed. The world's financial markets are free; it is too bad the WTO does not," he said.

The ruling is an important one for the WTO, which for the first time was asked to look at whether measures to influence market structures constituted unfair trade. It is a critical victory for Japan. If it had lost, it could have faced more WTO challenges on its allegedly closed markets.

In Tokyo, Japanese officials said they were still studying the ruling and would have no immediate comment.

The US argued that various laws and measures taken by the Japanese government over 30 years aimed to neutralise the effects of tariff cuts on photofilm imports by bolstering Fuji's position in the domestic market. Kodak has about 10 per cent of the Japanese market, much lower than its share in the world market.

The measures included encouragement for exclusive wholesaling arrangements, now dominated by Fuji; restrictions on stores the US said were more likely to sell foreign goods; and strict controls on price competition and premiums that have allegedly stopped Kodak using promotions to sell its products.

But the panel of three trade experts said the US had not shown its WTO rights had been impaired.

## THE LEX COLUMN

## Herd undeterred

Phew! Western financial markets have now twice shrugged off the threat from Asia's financial crisis. This week saw them back in magic number territory: Britain's FTSE 100 regained the 5,000 peak, Germany's Dax 30 climbed above the 4,000 mark and the Dow is back over 8,000.

They were right not to be panicked by Asia. Fears of a global meltdown always looked exaggerated. Moreover, this week's events reinforced the impression that the region's financial crisis has reached a turning point. South Korea has agreed (albeit reluctantly) to drink the International Monetary Fund's stiff medicine. Japan has probably prevented a banking collapse by pumping liquidity into its money market, even Malaysia seems to be preparing for a spot of cold turkey before Christmas.

But while panic would have been out of place, investors are too merry. It is not just that slow growth in Asia will knock the earnings of western multinationals, as BTR warned yesterday; earnings growth, especially in the overvalued US market, seems likely to fall short of expectations anyway. While company analysts are expecting 15 per cent plus growth next year, strategists think it will be only about half that. The strategists are more likely to be right.

Bond markets have, of course, been supportive. But yesterday's US jobs data suggest markets cannot have both strong growth and low inflation indefinitely. If unemployment continues to fall at the current rate, it will dip below 4 per cent in a year - surely a level that triggers inflation. Meanwhile, the confusing mixture of inflationary US tendencies and deflationary Asian forces raises another risk: that the Federal Reserve, which has steered the long US upswing almost impeccably, will make a mistake.

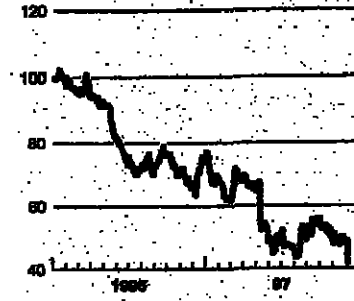
### South Korea

The conditions of the \$57bn international rescue package for Korea grown with good intentions. They commit the government to stringent stabilisation measures and a radical assault on the *chaebol* economic model that brought huge success, but eventually produced the crisis. Implementation will be another matter. Militant unions will fight reform and contenders for this month's presidential elections are already threatening to renegotiate terms. Widespread public and

FTSE Eurotop 300 index  
981.2 (+6.7)

BTR

Share price relative to the  
FTSE All-Share Index



bureaucratic resistance also provides an inauspicious backdrop.

Still, the status quo is not an option. The choice is between stiff medicine now or stiffer medicine later. Either way, the implications are profound. The stabilisation measures will cause growth to slow and unemployment to rise. Meanwhile, the government will have to stop directing investment from the centre, the *chaebols* will need to start making investment decisions based on returns, not market share, and the banks will have to learn basic credit assessment.

Change this fundamental will be painful. The economic slowdown will force banks to confront their bad loans. Closures will surely follow. *Chaebols* with average debts of four times equity will also be forced into restructuring. This will be no bad thing. Companies like Hyundai and Samsung are world class at their core competencies, but have strayed into unrelated areas. With the fallout far from over, Korea is still a market to avoid.

### US jobs

Here is an apparent contradiction. The US unemployment rate has just fallen to a 24-year low of 4.6 per cent. Meanwhile, announced corporate job cuts hit their highest level in three years last month. Sewing machine maker Singer, tissue company Kimberly-Clark, Levi Strauss, Eastman Kodak and Chit-corp have all announced 5,000 to 10,000 job losses.

There is a logical explanation for this. Mature manufacturers, squeezed between growing international competition and flat or falling prices, are cutting staff. By con-

trast, younger industries, like high-technology and service companies, are busy hiring. Of the remarkable 3m net new jobs created in the US economy in the past 12 months, 87 per cent have come in the service sector.

Though painful for the people involved, these big job cuts are healthy for the economy as a whole. By resupplying the market with often highly skilled workers, they are helping to ease labour market tightening and reduce inflationary wage pressures. Without this, arguably, the steady expansion of the past seven years would already have run into the buffers. Even so, it is not enough. Average earnings growth is now running at an annual rate of 4.1 per cent. If the worst of the Asian crisis is indeed past, the Federal Reserve will start to run out of reasons to delay an interest rate rise.

### BTR

Oh dear. With a fifth profit warning in three years driving the shares down 12 per cent, BTR has pushed its shareholders to the brink of despair. But it would be wrong to chop chief executive Ian Strachan quite yet, despite BTR's underperformance of the market by 58 per cent since he took over in January 1996. The impact of the strong pound and weak Asian markets was beyond his control. And the profit warning from Cookson, another conglomerate exposed to Asia, makes the market's surprise surprising.

Nonetheless, Mr Strachan will remain on stay of execution until clear signs of a turnaround appear. Few doubt that the strategy he is pursuing is right: as a pure (though still diversified) engineer aiming for growth rather than margins, BTR should be more attractive than in its current incarnation. And calls for a complete break-up of the company may be premature. They presuppose that further value can be unlocked from the remaining automotive, control systems and power drives divisions. But until BTR's disposals are complete, it will be hard to tell for sure.

With the energetic Bob Baumann soon to be chairman, Mr Strachan's purge of the old BTR culture should become easier. There should be no excuses for further restructuring provisions once the current slew of disposals and a substantial share buy-back have been completed. If BTR is still flagging then, Mr Strachan will have to fall on his sword.

## 'Millennium bug' blamed for Dutch sell-off collapse

By Gordon Cramb in Amsterdam

The biggest Dutch privatisation of the year collapsed yesterday when the bidder for Roccade, the state computer services agency, said legal worries from the "millennium bug" made it too risky to proceed.

Getronics, an Amsterdam-listed information technology company, two months ago won exclusive rights to negotiate with the government on the estimated F1.18bn (\$650m) purchase. The Hague rejected a rival offer by International Business Machines of the US. The deal would have created the country's biggest computer services group.

Ton Risseuw, Getronics chairman, said yesterday the state was not willing to provide adequate indemnities against lawsuits if Roccade software made computer

systems go wrong at or around the turn of the century.

The case is a striking example of the difficulties faced by the IT sector because of the inability of older software to distinguish between the years 2000 and 1900. It is one of the first where the problem has been blamed for scuppering a well-publicised merger within the industry.

Adam Taylor, a partner at the London law firm Withers, said: "This is becoming more and more an issue in takeovers, not only among companies in the computer sector but any which are dependent on IT. Anybody acquiring a computer company would be mad not to investigate what potential year 2000 liabilities there are."

The government said the disagreement was purely financial, and that Roccade's prospects remained good. "During the negotiations Getronics

gave an assessment of the business with which the state and Roccade could not identify," ministers told parliament.

Mr Risseuw, who has spent nearly five years in pursuit of Roccade, insisted its withdrawal was not a ploy to secure a reduced price. "We are not playing a game. We talked seriously about this matter, and now it is the end of the story," he said. He would look instead at acquisitions elsewhere in Europe.

Shares in Getronics fell 9.4 per cent, ending F16.60 lower at F16.30.

The government is considering what to do next with Roccade, which expects operating profits to reach F170m this year on revenues of F175m.

Getronics, with sales last year of F12.21bn and net earnings of F131.6m, had won primacy in the deal over two far larger contenders.

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### Markets Latest

FTSE 100	5,149.9	(+60.8)	US DOLLAR	
Yield	3.17	(+0.03)	New York: London	1.68745
FTSE Eurotop 300	981.2	(+6.7)	London:	1.6888 (1.6757)
FTSE All-Share	2,408.35	(+17.06)	DM	2.5535 (2.5555)
Nikkei	16,624.45	(+117.06)	FF	8.8843 (8.8236)
New York: London	1.6888	(+0.03)	Y	2.385 (2.385)
Dow Jones Ind Ave	8,136.45	(+68.29)	S & P Composite	215.91 (216.787)
S & P Composite	215.91	(+10.18)	2 Index	104.8 (104.8)
US DOLLAR			IN DOLLAR	
3-mo Interbank	7.15	(7.15)	New York: London	1.68745
Life long gilt bid	Mar 1991	(4-120.5)	DM	2.5535 (2.5555)
IN US LUNCHTIME RATES			FF	8.8843 (8.8236)
Federal Funds	5.25%		Y	2.385 (2.385)
9-m Treas Bill Bid	5.27%		S & P Composite	215.91 (216.787)
Long Bond	5.00%		2 Index	104.8 (104.8)
Yield	5.30%		IN DOLLAR	
IN NORTH SEA OIL (Argus)			New York: London	1.68745
Brent Dated	\$17.865	(17.865)	DM	2.5535 (2.5555)
IN GOLD			FF	8.8843 (8.8236)
New York: London	228.4	(228.4)	Y	2.385 (2.385)
London	228.4	(228.4)	S & P Composite	215.91 (216.787)

### FT WEATHER GUIDE

#### Europe today

The Iberian peninsula, much of France and the Alps will be fine with some sunshine, but overnight fog may be slow to clear in places. The north coast of France will be on the dull and damp side. The Low Countries, northern Germany, Denmark and southern Sweden will be cloudy with some light rain, but it will be a little colder than it has been recently. Eastern Europe and northern Scandinavia will stay very cold and bleak with outbreaks of snow. Southern Italy and Greece will be very mild and showery.

#### Five-day forecast

North-eastern Scandinavia and eastern Europe will stay very cold and frosty, but north-western Europe, including southern and western Scandinavia, will become relatively mild with rain at times. The western Mediterranean will have a good deal of dry and bright weather, but southern Italy and Greece will be changeable.



#### TODAY'S TEMPERATURES

10 DAYS' FORECASTS Situation at midday, temperatures maximum for day, Forecasts by AA Weather Centre

Madrid	Beijing	Fair 2	Cardiff	Drizzle 11	Frankfurt	Sleet 3	Madrid	Sun 8	Rangoon	Fair 32	
Cebu	Beifast	Cloudy 11	Casablanca	Fair 17	Geneva	Fair 2	Manila	Fair 14	Rangoon	Fair 7	
Accra	Sun 23	Belgrade	Fair 5	Chicago	Cloudy -1	Glasgow	Sun 18	Manila	Shower 19	Rio	Fair 25
Algeria	Sun 32	Berlin	Sleet 2	Cologne	Shower 4	Hamburg	Rain 5	Manila	Drizzle 11	Roma	Fair 16
Amsterdam	Thunder 16	Bermuda	Fair 22	Dallas	Sun 32	Helsinki	Snow 0	Manila	Fair 16	S. Francisco	Rain 13
Athens	Rain 6	Bogota	Cloudy 21	Dallas	Cloudy 11	Hong Kong	Fair 23	Manila	Sun 21	Singapore	Fair 10
Atlanta	Rain 17	Bombay	Sun 32	Deli	Sun 23	Hong Kong	Fair 23	Manila	Drizzle 11	Singapore	Thunder 32
B. Aires	Sun 9	Brussels	Rain 5	Dubai	Fair 28	Hong Kong	Fair 23	Manila	Sun 21	Singapore	Snow 2
Bham	Fair 23	Buenos Aires	Cloudy 2	Dubai	Fair 28	Hong Kong	Fair 23	Manila	Drizzle 11	Singapore	Fair 2
Bangkok	Cloudy 11	Chennai	Rain 8	Dubrovnik	Cloudy 10	Hong Kong	Fair 23	Manila	Snow -1	Singapore	Fair 2
Barcelona	Shower 33	Cairo	Sun 25	Edinburgh	Cloudy 11	Hong Kong	Fair 23	Manila	Snow -6	Singapore	Fair 2
	Sun 13	Caracas	Fair 32	Faro	Sun 15	Hong Kong	Fair 23	Manila	Fair 1	Singapore	Fair 2
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						Hong Kong	Fair 23	Manila	Sun		

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**The wine list**  
Jancis Robinson begins her seasonal recommendations: this week – which reds you should be buying



**Modern v mock**  
'Neighbours heard that the old traditional house would be demolished and a new futuristic one built'

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# The next move is mine

Peace protests are passé. The big issue on the US campus, reports Bruce Clark, is personal politics

**O**n a bright mid-winter's day, when the stark urban landscape of Binghamton is softened by a fresh fall of snow, the small city of Binghamton is a fine vantage point from which to contemplate the ebb and flow of the American dream.

Although it is home to International Business Machines, this reflected glory cannot disguise the industrial decline that has boosted the relative importance of the city's other dream factory: the plain, concrete classrooms of the State University of New York, a campus that has made up in political fervour what it lacks in glamour.

Mother Jones, California's journal of liberal chic, has dubbed Binghamton one of the 10 most activist colleges in the nation. A year ago, students occupied the university's head office for a week after the administration tried to limit numbers at a college assembly meeting and police intervened with pepper spray.

The college provides an important early stepping stone – an inexpensive, no-frills education – for immigrant communities in pursuit of happiness: Koreans, Indians and ex-Soviet citizens are among the latest.

But the angry tone of student politics, and the passion in the pages of the campus newspaper – *Pipe Dream* – is a vivid reminder that something has happened to the American ideal.

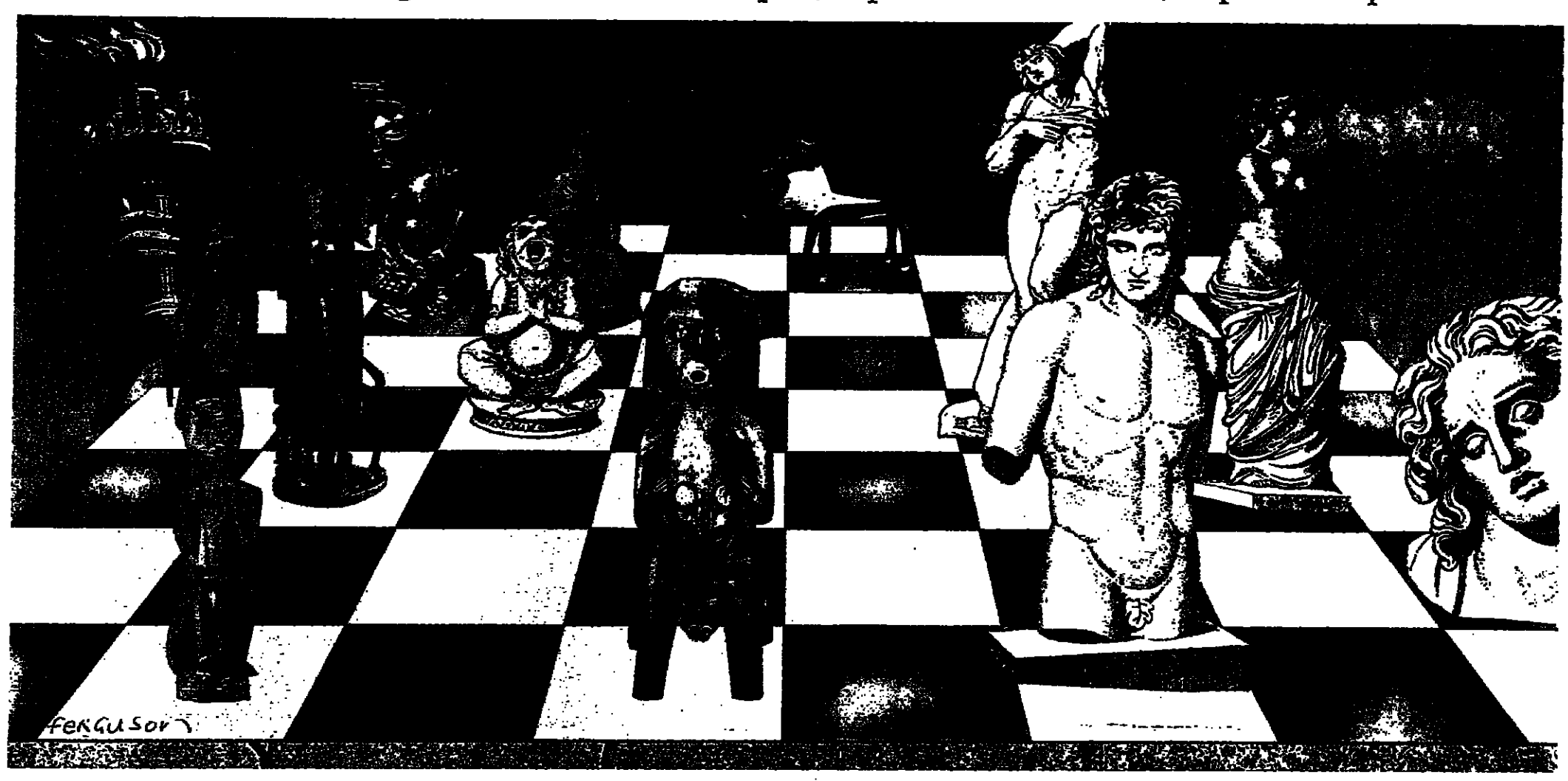
There is not one dream, but many. Fundamental questions about America's cultural identity, its past and future are being answered in so many different ways that even a country as big, tolerant and flexible as the US is struggling to accommodate them all.

In contrast with the anti-Vietnam war movement or the campaign against investment in South Africa, the latest student debates about little immediate concern about events in distant lands, or America's role in them; nor do they place much emphasis on overturning the economic system.

Compared with the 1960s or even the 1980s, the issues that stir the passions of today's student body are much closer to home. They have to do with the curriculum, and by extension the whole balance of cultural power on the campus. They can be summed up in two words, which have a soft, woolly sound but have acquired a specific, and emotionally charged, meaning: multiculturalism and diversity – or to put it crudely, the politics of ethnicity, identity, race and gender.

Yet the stakes in the new campus war could hardly be higher. At issue is what sort of country America imagines itself to be, how it views its past and what sort of nation it is striving to become in the next millennium.

For a vocal minority of Binghamton's students and faculty, the educational system is still far too biased in favour of traditional western culture and the "dead white males" whose ghosts the radical wing of academia is trying to exorcise from the young American mind. But the elected leadership of the student body, in a sort of



role-reversal that has become quite common on American campuses, has exactly the opposite complaint.

Its political complexion is well to the right of the university administration – and it thinks the curriculum, and the general tone of university life, already make too many concessions to radical and minority grievances.

In common with many other colleges, Binghamton boasts a right-wing student magazine that unleashes articulate broadsides against conventional liberal wisdom on race, gender and culture.

"I see a bad tide rising..." writes a certain John Carney in a recent issue of the *Binghamton Review*. "Education into civilisation is all but gone. In its place is multicultural education, education against civilisation. Multiculturalism has declared open season on our inherited wisdom, proclaiming its obvious dedication to anti-American politics as a virtue."

In a college whose administration's stated priority is winning the trust of ethnic-minority students – who make up about a quarter of the campus – such journalism is a battle-cry in an escalating cultural war.

Disturbingly – for anyone concerned about America's ability to survive as a single, coherent nation – the conflicting parties do not sound like participants in the same argument. They seem to inhabit separate universes, destined either to clash or to co-exist – but not to meet in the middle.

To many on campus, last year's sit-in was a reminder that a hard core of minority students is almost irreconcilably alienated from the system, despite the loudly proclaimed efforts of the university administration to "build an inclusive community" and make all groups feel at home.

"We have a lot of students of colour who say they are

not being heard," says Rodger Summers, a gentle-mannered African-American administration official who describes his aim as creating a "community where people can share their thoughts and views" and talk through their complaints. In practical terms, this means inviting successful black personalities to speak on campus – "Turning Conflict and Diversity to Your Advantage" was a recent title – and persuading radicals that the university will stand firm against the excesses (as they see it) of campus conservatism.

But minorities are not the only ones to feel aggrieved. In the words of Arthur Levine, the author of a forthcoming book\* based on research at more than 30 campuses, "there is a broad

students who arrive on campus with an open mind: "For example, I'm Irish-American, and I'm being told my background isn't good enough."

The rightward movement in the student leadership reflects a conservative trend among European immigrants to the New York area – Italian-Americans, Greek-Americans and the traditionally liberal Jewish community – who are abandoning their old allegiance to the Democratic party.

But Quinlan and her fellow conservatives – her closest ideological ally is a Chinese-American woman – present their political trajectory as an understandable reaction to the absurd excesses of radicalism.

"Many of my friends became more conservative when they got here because they felt ostracised by all this multiculturalism," says Quinlan. "White males on this campus are made to feel that whatever they do, however hard they try, they can't get it right..."

Ironically enough, her office – held for part of last academic year by a far more stridently conservative figure, a former army ranger aged 37 – commands substantial power because of the legacy of leftist student protests. It was only after the 1980s that the organs of student government won recognition as independent, responsible legal entities, and were given some say over the curriculum.

All undergraduates are now required to take a course in "American pluralism" – covering three of the five cultural traditions in the US: European, African-American and Hispanic. There is another obligation that sounds like a gift to critics of academic soft-mindedness: a course in "global interdependency", which is defined as the study of any phenomenon – economic, cultural, musical, medical or even geological – which

straddles more than one region of the world.

But advocates of multiculturalism were bitterly disappointed when Harper College, the liberal-arts section of Binghamton University, voted earlier this year by a wafer-thin majority to strike down the so-called "diversity requirement". Notionally in force since April 1995, this measure obliged students to take at least two courses on "differences traditionally under-represented in the US curriculum".

These courses must give weight to issues such as "inequalities of power, the nature of oppression and relations of dominance among various groups of people". In a small sop to the right, it was conceded that "a wide diversity of theoretical perspectives" could be used to consider these issues.

Maria Lugones, a Latin American studies professor who strongly supports this requirement, says the ill-tempered dialogue which led to the measure being struck down – by a deeply divided college council that included faculty, students and administrators – was in itself a vivid illustration of why the curriculum needs radical change.

She presents her case for obliging students to study overt and hidden forms of oppression in a language studied with neologisms that is utterly remote from the hard-headed scepticism of Quinlan and her friends. Studying diversity, she argues, should be much more than observing differences in human society.

Students must learn to understand "not only the process of othering, but the construction of the other and oneself". In other words, she wants to create a way to look at oppressed groups – women, racial, linguistic and sexual minorities – through a lens other than the oppressor's.

But if the intention is to

help young Americans understand each other better, it seems in some quarters to be having the opposite effect. For campus conservatives, such language is simply an eccentric hold-over from the cult of the victim, fast going out of fashion in mainstream America.

Lois DeFleur, the university president, is defiantly unfazed by the chasm that divides her fiefdom. "They're so bright, so verbal,

so ambitious." She even loves the way they demonstrate: "They clean up... they're not destructive... they have organising committees, negotiating committees, walkie-talkies, so much more sophisticated than our generation was in the 1960s."

What will they do with all this sophistication? In its first two centuries, the US has shown an astonishing ability to absorb, accommodate and neutralise dissent and cultural difference of

every kind. But in a strange way, the death of the cold-war debate over economics and foreign policy has not brought young, educated Americans closer together.

The old arguments have been supplanted by something even more volatile and divisive: students have begun arguing about their own identities, their very selves. And they are not inclined to compromise.

\* *When Hope and Fear Collide*, Jossey-Bass.

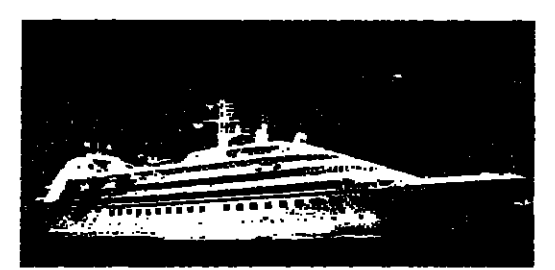
**They seem to inhabit separate universes, destined to clash or to co-exist – but not to meet**

sense of victimisation" afflicting every section of America's student body. "Every group feels the problem is coming out of its own hide."

And Binghamton is no exception. Laurie Quinlan, an impeccably polite philosophy major who heads the executive board of the Students' Association, says she and many of her friends view as a "complete waste of time" the sort of political correctness that is already built into their education.

Because "multiculturalism" has become a code word for the most aggrieved minorities – African-Americans and Hispanic students – she says it alienates

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**Joe Rogaly**  
**Poor law**  
*'If you are eating caviar it is tiresome to think of hungry eyes peering in'*  
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**NEXT WEEK**  
**Wine List II**  
Jancis Robinson turns her attention to the best whites of the season  
In FT Weekend



PERSPECTIVES

The Nature of Things

# The need to talk sends mixed signals

Mobile phones are posing a threat to our understanding of the universe, writes Clive Cookson

Mobile phones have been accused of many things. They disturb passengers in trains and diners in restaurants, interrupt plays and operas, cause road accidents by distracting drivers, spoil the view through ugly transmitter masts, and are feared to cook the brains of frequent users through excessive electromagnetic radiation. Now they are threatening the science of radio astronomy.

Interference from mobile communications is already making it more difficult to detect faint radio signals from outer space, and astronomers say communications satellite networks planned for the next few years could make matters far worse - obliterating the wavelengths that are most important for scientific observation.

The threat is more serious than the similar problem of man-made light pollution for conventional telescopes. In optical terms, it would be like trying to see faint stars through the glare of hun-

dreeds of powerful spotlights in orbit.

The demise of radio astronomy would be a tragedy for science. The field has contributed enormously over the past 50 years to our understanding of the universe and has huge potential to make more discoveries.

Distant galaxies, several stages in the evolution of stars and many molecules in interstellar space can only be detected by their radio emissions, because they do not give off enough radiation in other regions of the spectrum (infra-red, visible, ultra-violet, X-ray and gamma-ray). And radio astronomy is essential for studying the "cosmic microwave background", the faint relic of the Big Bang that started our universe.

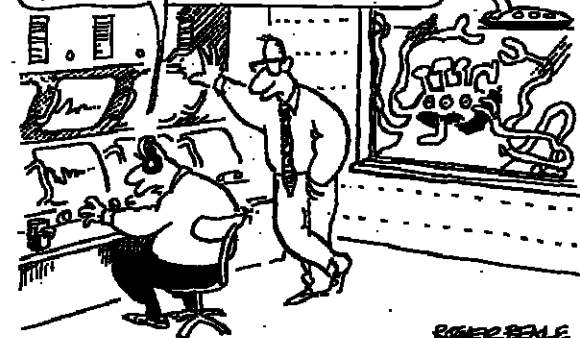
The radio spectrum is

divided up between competing users through a series of global and regional agreements under the auspices of the International Telecommunication Union. The most recent of the ITU's biennial World Radiocommunications Conferences, WRC-97, has just finished in Geneva.

Unfortunately, radio astronomy is increasingly being squeezed out of its allocated frequency bands by the insatiable demands of commercial users, particularly mobile telephone companies. Although astronomers make sure they have representatives to fight their corner at meetings such as WRC-97, they are inevitably outgunned by companies spending billions of pounds on satellite communications services.

Satellite operators say

I WAS PICKING UP SOMETHING FROM REALLY DEEP SPACE BUT NOW I'M GETTING INTERFERENCE FROM SOME CLOWN WITH A MOBILE



they will stay away from the frequencies that are most important for astronomy. The question is how far away.

Astronomers emphasise the strength of man-made

transmitters, compared to celestial radio sources; a single mobile telephone transmitting on the moon would be the third most powerful radio source observable in the universe.

As a result, there can be disastrous interference even when, on paper, there is a frequency gap between them.

Two bands allocated to radio astronomy in the 1950s - and still vitally important today - are 1400-1437 MHz and 1610-1613 MHz. They cover the natural transmission frequencies of neutral hydrogen and the hydroxyl (OH) radical respectively.

The hydroxyl band is particularly threatened by new mobile communication networks, such as the Iridium consortium led by Motorola of the US, which plans to fly 66 satellites in low earth orbit by 1999.

They will beam down signals to mobile phones in the 1621-1626 MHz range, which is disconcertingly close to

the 1610-1613 MHz reserved for science. Astronomers fear they will be swamped.

Radioastronomers have escaped the worst effects of earth-based radio services, because transmitters have deliberately been built away from radiotelescopes and vice versa.

Wolfgang Reich of the Effelsberg radio observatory in Germany says: "We're located in a valley and the hills protect us from terrestrial sources, but there's no escape from satellites."

Communications companies can make technical adjustments to reduce their impact on astronomy, by cutting down emissions outside their defined band. But Jim Cohen of the UK's Jod-

rell Bank radiotelescope, who chairs the European Science Foundation's Committee on Radio Astronomy Frequencies, says companies are reluctant to make the necessary investment.

"The problem is that the ITU has not yet placed limits on unwanted emissions from the satellites," he says. "They can only protect us if they think of us when designing the system, rather than trying to protect us as an afterthought."

The search for natural radio sources such as quasars, pulsars, and interstellar gas clouds is not the only activity threatened by man-made radio pollution. The search for extraterrestrial intelligence (SETI) is an increasingly respectable scientific pastime that requires clear radio reception to hear any signals from civilisations elsewhere in the universe.

It would be a shame if our eagerness to babble endlessly among ourselves, as we rush around the earth, were to blot out a message from intelligent life on a distant planet.

## Minding Your Own Business

# The wine that grew under pressure

The Frasers took on a vineyard three years earlier than planned. Grania Langdon-Down reports

Nick and Charlotte Fraser found themselves in the deep end of the wine vat when they bought an 18th century stone house, with vineyard, in south-west France. Their aim was to go to "wine school" in Bordeaux for three years and then to run their own vineyard when Nick retired after 24 years with a City of London stockbroker.

They bought the house, Domaine de Perches, just outside Gaillac, in 1989; it took them three years to get it smartened up. During that time, they leased the 30 acres of vines to a farmer, who sold the grapes to the local wine co-operative.

The farmer was due to retire in 1996, by which time the Frasers expected to take over. But two months before Nick's retirement in 1993, the farmer announced he was giving up immediately.

The Frasers were left with a vineyard but no one to run it. They turned to Jacques Anquet, their French neighbour, for advice. He suggested three options: find another tenant; sign up with the local co-operative and sell it the grapes; or find a friendly vigneron (vineyard owner) to help them look after their vineyard and actually produce wine.

When they realised that Anquet was offering to be the vigneron in the third option,

they decided to take the plunge and work with him to produce their own label.

"Of the three choices, we were worried that if we let out the land again, we might not get it back, and we did not want just to squeeze the grapes and sell the juice off to the local co-op," says Nick.

"We felt there was no point becoming involved in the process unless we were making our own wine - but that meant doing everything from bottling to marketing. If it had not been for Jacques and his son Bernard, we would never have taken it on."

"He had just extended his cove [wine cellar] and was happy to defray some of the costs by letting us use his wine press and some storage space for our vats. Another enormous advantage of working with him has been the way it has opened a lot of doors into the French wine community."

Neither of the Frasers had envisaged a lazy retirement. After 24 years with James Capel, the last six as director in charge of investment management, Nick, 62, combines the administration of the vineyard and marketing their wines with an advisory job in London as non-executive deputy chairman of Matheson Investment.

Charlotte, 58, who started her career as a dress and knitwear designer, retrained

as a horticulturalist 15 years ago and has run her own nursery garden in London. She transferred her enthusiasm for plants to the vines and is particularly involved in the vinification and blending processes.

Married for 16 years and with six children between them, the Frasers divide their time between France and their home in Cluswick, west London, depending on the demands of the vineyard.

They have found the bureaucracy surrounding wine-growing "amazing". Nick says: "You are controlled at every stage and you have to be very careful to conform. The authorities - starting with Brussels, then Paris and Toulouse - are regarded as demons by the locals." This is where the bodies responsible for overseeing wine production at European Union, state and

local level, respectively, are based.

Their first vintage was 1993, when they made a Sauvignon Blanc and a Blanc Sec, both of which obtained Appellation d'Origine Contrôlée (AOC) status by reaching the standard set by the local wine committee. The following year they produced a Mauxac and an oaked Sauvignon and two years ago made their first sparkling wine.

Sales have grown from 30,000 bottles in 1994, limited that first year because part of the harvest failed, to about 100,000 bottles over the last year.

It cost about £200,000 to modernise the vineyard. This included buying equipment, such as tractors, vats and pumps, for about £100,000. New vines cost about £20,000, preparing and improving the vineyard

£20,000, planting the new vines and putting them on insurance, accountancy, repayment (plus interest) of the loan, taxes, wine technicians to advise on the tasting, maintenance of equipment, treatment of the vines, and hire of a grape harvesting machine.

They have one permanent and one part-time worker, which costs about £11,000 in salaries and a further £5,000 for the French equivalent of social security. The Frasers also pay the Anquet £10,000 for overseeing the vineyard, the vinification and use of their cove. Bottling, labelling and packing costs about £30,000.

Charlotte says their efforts have been welcomed by the local wine community. "Gaillac was a very run-down area and it was only about 10 years ago that people started investing more

money in the vineyards. So the locals see all investment as helping the whole area."

Nick adds: "Also, we do not attempt to market our wine locally so we do not compete with them. Right from the start, we decided to concentrate on the UK."

The Frasers' first bulk sale was of 15,000 bottles to the mail order company Direct Wines, which owns Bordeaux Direct and The Sunday Times Wine Club. This order has increased to 50,000 bottles. "The club is our biggest single customer. We make a special blend for it under a separate name," Nick explains.

The remainder is sold through a variety of outlets, including Berry Brothers & Rudd in London, and Aver's of Bristol. It retails at between £4.50 and £5 a bottle. "We knew it was going to take a good five years

before we started making a serious profit. We are now at break-even point but we ought to be able to make £20,000 a year profit eventually," he says.

"Expanding production is not really an option unless we buy more land. We have decided to concentrate on improving the quality of our wine rather than increase our output. Fortunately, I have my pension so it is not life and death to us to make a huge profit."

Nicholas and Charlotte Fraser, Domaine de Perches, Lorbrie, 81600 Gaillac, France; tel (00 33) (0)5 63 33 16 05, fax (00 33) (0)5 63 33 17 11. Domaine de Perches UK office, 5 Oxford Road North, London W4 4DL; tel: 0181-742 2391, fax 0181-742 2392.

Next week: French bureaucracy defeats a British couple

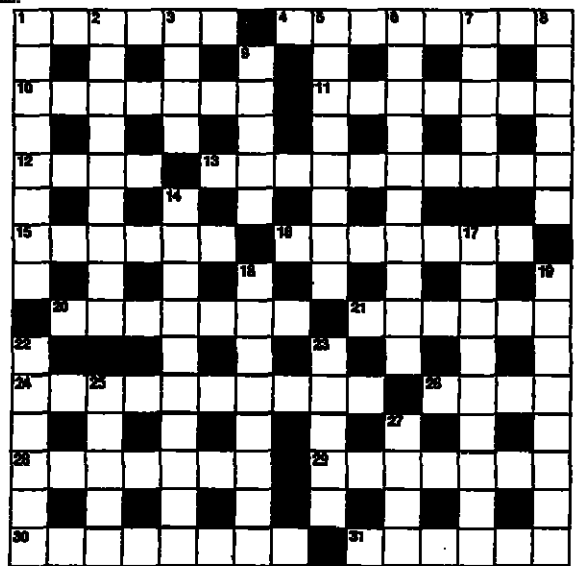


Nick and Charlotte are amazed by the bureaucracy: 'You are controlled at every stage and you have to be very careful to conform'

## CROSSWORD

No. 9,551 Set by DINMUTZ

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M2000 fountain pens. Solutions by Wednesday December 17, marked Crossword 9,551 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8SL. Solution on Saturday December 20.



Name \_\_\_\_\_  
Address \_\_\_\_\_

WINNERS 9,539: A.J. Lees, Ipswich; A.J. Freeman, Purley, Surrey; Mrs G. Johnson, Newton, Cambridge; Mrs Joy Martin, Wigginton, Oxon; B. & C. Weir, Hook End, Essex.



## BRIDGE

If you are taught to remember rules, your guide is doing you a disservice. At best, a rule is a generalisation. Each bid, each play, should be logical. If it is not, how can we decide whether to follow the rule, or break it? This hand should be simple for the good player, but the indoctrinated may falter.

North East South West  
15 NB 1H NB  
2 NT  
3 NT  
4 NT  
5 NT  
6 NT  
7 NT  
8 NT  
9 NT  
10 NT  
11 NT  
12 NT  
13 NT  
14 NT  
15 NT

South did well to open 1H, rather than 2NT. With a poor 20pts, game is most unlikely if partner cannot respond at the 1-level. Against 3NT, West led J3 and declarer played dummy's K3, which held the trick. Declarer then led Q4, and East covered the honour with an honour, just as he

had been taught. South tabled his hand, and claimed nine tricks.

Cover an honour with an honour only if there is a chance of promoting a lower card for your side. Here, by covering Q4 with K4, East did succeed in promoting West's Q4 but, sadly, only when it was too late.

East should have reasoned that if declarer held three spades, then so did West, and no trick could be promoted. If, on the other hand, West held four spades, then declarer held only A4x and, without an outside entry to dummy, if East refused to cover K4, declarer would be limited to only two spade tricks.

Many players are told that to hesitate is cheating. This is incorrect. To hesitate for no reason would be wrong; to take advantage of partner's hesitation would be unethical. But to stop to think about a problem is both acceptable and desirable.

Here, East can afford to cogitate over whether to play high or low, even if he gives away the position of K4. The decision could be - and is - crucial, and it deserves consideration.

Paul Mendelson

## CHESS

Controversy has already enveloped the first knock-out world championship, which opens at Groningen, in the Netherlands, on Tuesday, before a pawn has been pushed. Kasparov will not play; and after a grandmaster protest against the holder Karpov's seeding to the final was rejected, world No 2 Kramnik joined him on the sidelines.

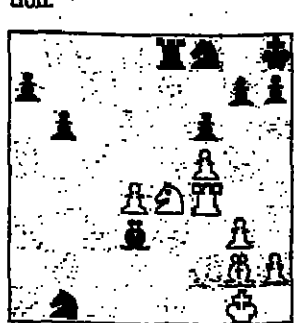
Many believe the event is a lottery, and there is also unease about the record \$5m prizefund, originally put up by a Russian oil group but now guaranteed only by the Fide president Ilyumzhinov, ruler of Kalmykia, an obscure Caucasian republic. Still, the GMs will be doing their best, none more so than Nigel Short who was in the same quarter of the draw as Kramnik and now has a chance to reach the semi-final.

In contrast, Michael Adams faces tricky pairings against the youngest GM Bacrot and the fast improving Svidler, who has already won three Russian championships and recently bested Kasparov at Tilburg.

When KO matches are tied 1-1, they will be settled by five-minute blitz and 30-minute rapid chess, a format which the 20-year-old enjoys

(Svidler v Ilyumzhinov). 1 e4 e5 2 d4 d5 3 Nc3 Bb4 4 c5 c6 5 Bxc3+ 6 bxc3 Ne7 7 Qa4 Qc8 8 Bxd3 f5 9 exf6 Rxf6 10 Bg5 Rf7 11 Qh5 h6 12 Bh7+ Kxh7 13 Qx7 h5x6 14 Nf3 Nf5 15 h4 g4 16 Ng5+ Kh6 17 Qxh6 exf5 18 Nf7+ Kh7 19 Nxd8 Resigns. White wins on material.

No 1209 Karpov v Kurajica, Tilburg 1994. Even world champions need luck. Karpov had lost the first of a two-game mini-match, and is now a pawn down with a dubious position.



"If Black [to play] had made the right move now, I would have resigned," he said later. Kurajica didn't see it, and Karpov won game and match. What should Black play?

Solution, Back Page  
Leonard Barden



## PERSPECTIVES



Joe Rogaly

## Hungry eyes peer through the window

The number of very poor people on the planet is increasing. Are there any weapons left in the war on poverty?

Each for the champagne. It is time to talk about poverty. We must show concern for the 1.3bn people who survive on less than a dollar a day. Focus on starving babies, short lives, bad water. This is a lot to ask. If you are busy trying to heap caviar on your spoon it is tiresome to think about the hungry eyes peering through the window.

Most American politicians find it impossible. Lyndon Johnson declared a "war on poverty" but his successors withdrew from the field. The US is abandoning the contest, at home and abroad. Foreign aid is no longer thought about, even as an adjunct to foreign policy. Its effectiveness is doubted. Anyone who calls for further contributions from taxpayers is curiously rebuffed.

We Europeans, whose air of moral superiority is matched

only by our fiscal parsimony, pretend to be shocked. Yet the American hard-liners are not driven by greed alone. Insularity plays its part. So does disappointment. Untold billions have been poured into Africa south of the Sahara, but the region's agony persists. Such evidence is not easily disregarded.

Against that, many of us in the rich west still believe that humanity should not tolerate abject poverty. Should aim to eliminate it. The British government has set that as a goal. Admirable. The question is, how? One non-British suggestion is that assistance to India, Pakistan and neighbouring countries should be diverted to sub-Saharan Africa. Let south Asia take care of itself.

Another notion floats past our ears. International financial transactions should be taxed and

the proceeds spent on the world's poor. American senators have apoplexy at this one. Other reveries appear. There should be a planetary minimum income. The World Bank and/or national aid agencies should be reconstituted or abolished. Every state university in the US should adopt a developing country, assist its students.

This last vision is pure Jimmy Carter. The former president of the US gave his version of it on Wednesday. He was at a conference organised by the Aspen Institute, a distinguished talk tank. It was at a meeting of the institute in Aspen, Colorado, that Margaret Thatcher famously admonished George Bush not to "go wobbly" the day after Saddam Hussein invaded Kuwait.

This week we lesser mortals met in England. If we were wobbly

it was from the effort of carrying the heavy volume of background material prepared for our delectation.

Here is what the Aspen papers, and the talk, boil down to: capitalism does make some people rich, some less poor. On its own, it is an insufficient means of reducing absolute poverty. You cannot rely on trickle-down.

East Asia is the currently fashionable case study. It opened its economies to outside capital and trade. The proportion of its population living on under a dollar a day fell from 40 to 20 per cent in two decades. That put rice in the bowls of 350m people.

It was not achieved by simply letting the market rip. Many of east Asia's economies were heavily steered. Companies worked hand in glove with administrations. Taxpayers' money was spent on primary

education and health. Between 1970 and 1995 the infant mortality rate was halved. Governments sought consciously to bring the benefits of growth to their people.

Integration into the global economy is, most economists insist, plainly a first step. There are others. At the Aspen meeting we wrote this recipe down as "market plus". The ingredients vary. Budgets must move towards balance. Central banks should be independent. Governments must be competent; the poor active in their own interest. Institutions reformed.

China has many of these planks in place. Before the financial failures of the past few weeks, east Asia as a whole was set to halve the proportion of its very poor yet again, well before 2015. (The data appears at the top of a table prepared by World

Bank staff.) But even in China some provinces are being left behind.

South Asia is also reducing poverty but its expected rate of wealth creation is slower than that expected of its eastern neighbours. Its people might benefit from a stronger dose of market liberalisation. It still has more people living in dire poverty than any other area. If it were liberated from all outside assistance it could go either way, move to a Pacific rim rate of advance or sink into desperate, African, somnolence.

Sub-Saharan Africa is not catching up at all. It has allowed wars to drain its resources, corruption to sap its energies. It needs growth of 8 per cent a year but its projected performance in 1997-2000 is 0.6 per cent. In this, the most unfortunate part of the planet, 15.7 per cent die before

reaching the age of five. Black Africa's share of children in primary school actually fell between 1980 and 1993.

I take most of these figures from a paper presented to the Aspen meeting by Michael Walton, director for poverty reduction at the World Bank.

You could be an optimist. On standard measures - access to clean water, longevity, literacy and the like - life is better for a larger proportion of the world's inhabitants than it was a couple of decades ago. But the population has grown, and so has the number of very poor people.

It would be marvellous, would it not, if "market plus" could work as swiftly on improvements at the lower levels of human existence as it is at enriching the rest of us.

Bubbly, anyone?

e-mail: joe.rogaly@bt.com

Lunch with the FT

# Hang on to your wallets - here comes Drucker...

He can make you give generously. Christian Tyler meets a man who knows how to raise £10m

With England's richest counties on his doorstep and the Financial Times paying the bill, Henry Drucker might have chosen an eye-wateringly expensive restaurant. For is Drucker not the lunch-buddy of billionaires, the eminence grise of British fundraisers, the man with the honeyed tongue and the cash-register eyes?

It seems not. My guest was far from ebullient. Indeed, he seemed a little apprehensive. He chose a modest local restaurant, Michel's Café Français in the Oxford suburb of Headington, a place where hospital bigwigs go to be chatted up by medical equipment salesmen. The only immodesty was the £21 they charged for a dull bottle of Fleurie.

We met first at the headquarters of Drucker's consultancy, Oxford Philanthropic. I saw no soaring steel-and-glass tower with pouting receptionists in its atrium, only a cosy, converted terrace house down a side street. The boss sat at a big old leather-topped desk in the back room.

Drucker has been all over the media recently, commenting on the Formula One affair in which a £1m donation to the Labour party became linked to the prime minister's exemption of the sport from a tobacco advertising ban. He was also looking just another pork-barrel politician.

The pundit of philanthropy is a Labour-supporting American who taught political philosophy at Edinburgh University for 20 years and has worked with senior government figures Gordon Brown, chancellor, and Robin Cook, foreign secretary. He was briefly taken on by Blair's private office before the general election in a fundraising capacity.

The impression given at the time was that he was to be an important player. In fact, he never got the big contract he was expecting and was paid off after writing his consultant's report. Drucker says the relationship was ended because he had objected to a "blind" trust set up for Blair by another fundraiser, Michael Levy. The Labour party now says it was because Drucker's proposed strategy for big donations was the wrong recipe.

What is beyond dispute is that Drucker had form. He had been the £400,000-a-year director of a big fundraising campaign for Oxford University from 1988 to 1994 when £340m was raised - or so the public was told.

Here, too, however, his impact has subsequently been qualified. Drucker admits that about half of

that £340m might have come in anyway. But a review of Oxford fundraising chaired by Sir David Smith, president of Wolfson College, says that only £140m was actually raised from philanthropists. The other £200m was in the form of research grants and contracts. Even so, the campaign brought in a respectable nine times the amount of money spent on it.

These days, Drucker does not chat up donors himself, but earns his fees telling other people how to do it. He cannot be faring too badly. His suits are handmade, he told me, and his bank balance healthy, even if his life has changed little otherwise.

As he ordered crab claws and fillet of beef, he said: "Three times in the last 18 months people have come to me and offered me 10 per cent to raise £10m. And I've

**'You don't go out and get a million gifts of £10 each'**

always turned them down."

You must be crazy, I said.

"No. I know how you raise £10m. You don't go out and get a million £10 gifts. You probably get one of £2m or £3m, a couple of £1m and a dozen of half a million. And if those people knew that 10 per cent of their money was going into Drucker's pocket, they would be extremely displeased," he chuckled.

But if it was a million people giving £10?

"That's different."

They wouldn't find out?

"They wouldn't ask."

Drucker got into fundraising while at Edinburgh. He had no special expertise, he said. "I rather suspect that, in their racist sort of way, my British colleagues assumed, 'Oh well, Drucker's a Yank, he knows about these things'."

But at least you weren't ashamed of money?

"No, that's true."

Oxford is a jealous place, and its internal politics are Byzantine. Some say Drucker was the wrong person to send out to bat for the university, that the campaign fluffed its marketing of one of the world's best brand names, and that individual colleges were unnecessarily antagonised. The guru of the glad hand was modest enough to confess to me that he was not much good at chatting up donors.

"I'm not very social," he said. "I don't have a lot of small talk. I don't think I'm particularly good at those kinds of skills. What I do have - I shouldn't say this, this is really pompous -

is a kind of a vocation."

Vocation? Is Henry Drucker a pastor or therapist? Giving is good, he explained, not only for the receiver (and the fundraiser) but especially for the giver. "Fundraising can liberate the donor," he proclaimed. More than that, the involvement of rich outsiders was good for institutions. It stopped the bureaucrats dictating their future. Private patronage ensured variety.

"This is a possible salvation for the great cultural institutions of the United Kingdom," he said.

While we waited for the main course I asked about donors. Weren't the best donors Jews and Moslems?

Not at all, said Drucker.

"The most successful fundraisers in the world, measured by dollars raised, are American universities. But the vocabulary, the arguments, are all Protestant arguments. It's about inspiration, changing the world, and personal destiny. The language of fundraising I teach is really a version of Protestant theology."

He said he told one elderly lady, Jane Leig-Rowohl, that if she founded a scholarship programme she would become the Cecil Rhodes of the 21st century. "Her eyes lit up, and we got it. She eventually left £7m in her will."

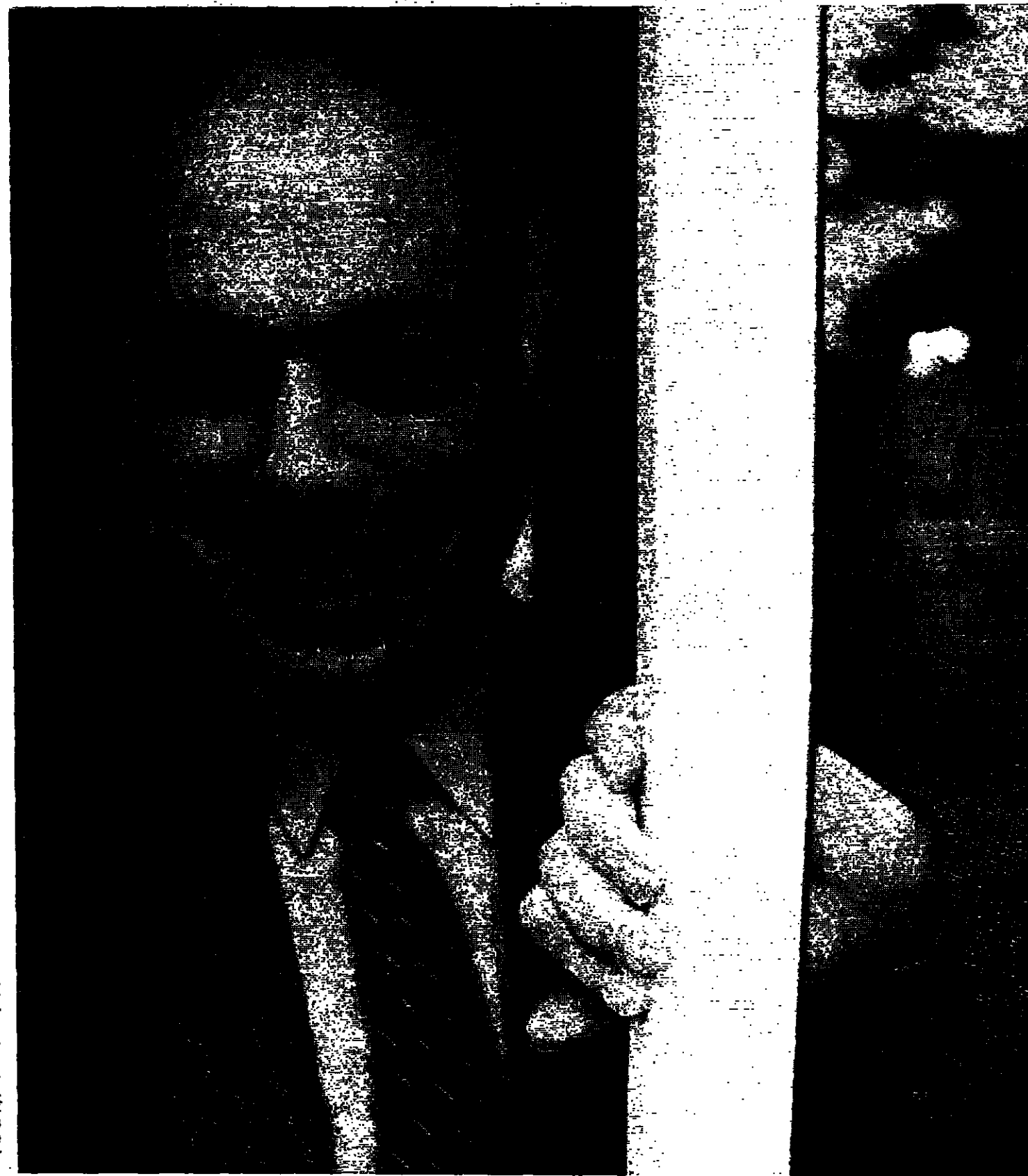
Drucker seems to attract controversy. His greatest coup, he says, was the £20m given by Wafic Said, a Saudi middleman for British arms exports to the kingdom, to endow a business school on a greenfield site in the centre of Oxford. The plan created a furore and was saved by the discovery of a less sensitive site near the station.

His greatest mistake - though Drucker won't mention the name - was Geri Rudolf ("Muck") Flick, who offered to fund a professorship. Drucker advised the then vice-chancellor that only "a few obsessives" would fuss about the fact that Flick's grandfather employed slave labour for the Nazis. In fact, the row was such that Flick withdrew.

I mentioned Blair's Formula One fiasco, and Bill Clinton's fundraising struggles in the US. How, I asked Drucker, should political parties do it?

His answer was to make it airtight. Ensure that the party had a bagman, senior but separate from the leader; and not to rely on big donors but go for middle-income supporters paying £50, £100 or even £1,000 a year.

Fundraisers share with management gurus and Chinese propagandists a taste for numerology. Drucker employs the "Seven Steps of Solicitation" pioneered by Stamford University and



Henry Drucker: 'When it's time to pop the question, never ask for a particular sum - for if the victim agrees, you haven't asked for enough'

developed by Princeton. He has devised his own "Eight Forms of Donation".

For example, the Hello Gift is a small sum - £1m, say - which you let a donor give you on first meeting in order to hook his interest in your project. You will be back for a lot more later. It should not be confused with the inoculation gift, which is a smaller sum - £100,000, say - that a very rich person volunteers in order to stop you working on him for more. Then there is the Brick in the Wall, a small

**Every rich person should be warned of The Seven Steps**

sum you solicit from the heir to a mega-fortune. Flatter him while he's still overshadowed by daddy, and once he inherits, he's hooked.

The Seven Steps is a rubric which every rich person should be warned of. They include intimate investigations into the victim's tastes, illnesses and causes of death in the family, and informal chats with his bank manager. After that, said Drucker, it's like courtship.

"The girl knows what you're after, but she still likes to go to the concert."

Then it is time to pop the question. Never ask for a particular sum. For if the victim straight away says Yes, you've lost. Why? Because it means you haven't asked for enough.

The process ends with "closing" - the donor meets the real head of the body he is giving to; and "thanking", which means having your name written over the building or (in Oxford's case), being dressed in red robes and being enrolled, in Latin, as a member of the Chancellor's Court of Benefactors. (It was after such a ceremony that Wafic Said was touched for the big sum.)

As the waitress cleared away, I asked Drucker whether people ran when they saw him at parties?

"I don't think so."

Aren't they afraid you're after their wallets?

"I haven't met that response. Most wealthy people also raise money for particular charities. So we have a lot to talk about."

When you meet the glitterati in London don't they run away shouting "Watch out Drucker's about?"

He laughed. "You have an exaggerated view of my social life."

I paid the bill, a modest £80 - and, on the FT's behalf, felt a little liberated.

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JAN 10 1998



## PERSPECTIVES

## Truth of the Matter When truth may be a healer

An escape from justice? Therein lies hope, says Hugh Dickinson

Let justice be done even if the sky falls in," wrote Tacitus, the great Roman historian. A noble sentiment and one which lawyers and democrats will applaud. In a free society, an independent penal and legal system is more important than democracy itself. The absolute and impartial enforcement of the rule of law, with access and redress for all citizens regardless of wealth or political leverage, is one of the highest ideals of western democracies.

In practice, we know there is a huge deficit of both democracy and justice in our society. The courts are prone to terrible delays, endless legal quibbles, manifest misjudgments and miscarriages. When natural justice needs to be done the law is too often an ass.

Justice for the oppressed and the poor is one of the greatest themes of the prophets of the Old Testament. Even kings could be called to account before God - in theory. In practice, a good many outspoken prophets lost life or liberty.

So it is perplexing - even scandalous - to some observers that Archbishop Tutu's commission in South Africa is called Truth and Reconciliation, not Truth and Justice. Many lawyers, experts in jurisprudence and political history, have publicly attacked or derided the proceedings. The amnesty offered (they say) is an easy escape route from justice and due punishment for men and women who have done appalling things.

All they have to do is weep a little in front of the cameras, tell no more of the truth than they are forced to, and then the slate is wiped clean. They can walk out of the courtroom and grin at the shocked relatives of the people they tortured to death. A little truth maybe, but reconciliation? Certainly no justice, just "squishy feelings", as one commentator dismissed it.

It may be worse than that. We can't expect the individual victims and their torturers ever to shake hands and be friends. But the task is not so much the reconciliation of victim and violator as the healing of the enmity between bitterly divided and wounded communities and races.

The public exhibition of squishy feelings is no foundation on which to build a new society - so goes the argument. A plaster of absolution may be stuck over the gaping wounds, but unless justice is done and seen to be done to the perpetrators of atrocities, the new state is built on a lie - even if the witnesses have told the truth.

It remains a time bomb ticking away to explode as soon as a political crisis hits the government. Justice has not been done or seen to be done.

So it brings us up with a jolt when we hear a quite different argument being put forward, not by well-meaning liberals or religious spokespersons who may be thought to have a vested interest in a rather

wet "forgiveness", but by victims of torture themselves and relatives of the murdered or "disappeared".

When interviewed on British radio, one witness refused to repeat the details of what had been done to him because it was too terrible to talk about publicly. But like many victims, although he longed for justice and vengeance, he realised that the very process by which justice is delivered, its long delays, subterfuges, legal arguments, appeals and uncertainties, could not reliably deliver the multifarious sentences and balanced judgments and penalties to bring everyone to justice and justice to everyone.

It would take years and years, perpetuating the antagonisms and possibly provoking reprisals and further deaths. Justice like that simply prolongs the trauma. In a context such as

**Exhibiting  
squishy  
feelings in  
public is no  
foundation  
for society**

South Africa, the judicial process is particularly vulnerable to accusations of bias.

So for many of those who have most right to cry for justice the Truth and Reconciliation Commission's path is better, not just as a second best, but because in the context of a nation at war with itself it offers a swifter road to healing a whole community.

The emotions evoked by terrible events and atrocious actions are not squishy feelings. Nor, it must be said, are the intense remorse, guilt and shame evident in some (not all) of the perpetrators when they have to stand in front of the commission whose members embody such rare qualities of humanity and moral integrity.

There is a tribunal beyond human justice which pierces to the core of a man's integrity - even his identity as a human being. That utter moral nakedness which is without excuse is terrible to behold. As one woman who lost her son said of his murderer: "I can never forgive him, but I can let him go. He knows the truth and I know the truth."

Perhaps there are transactions of the heart in these extremities of pain and guilt which are beyond the reach or even the sight of men in wig. Only those who themselves have entered that awful arena can understand them, but the evidence of those who have been through the fire seems to suggest that there are possibilities not of forgiving or forgetting but of a healing hope for the future if we do not demand justice at any price. As a 5th century Rabbi once said: "Do not ask God for justice. He might give it to you."



## Feeling for snow - and ice - surfaces in south London

Vicky Carlstrand puts her booted feet into British winters

Ten degrees in London, soggy underfoot, and I'm pinning for winter. Real winter, at -5°C with a sprinkling of snow on the ground - and ice you can skate on, that means and groans as it pushes up against the banks of the lake and then gives a sudden boom, like thunder. Ice so thick you can see the cracks stretching down for a metre or more. The sort of ice that Orlando, wrapped in sable, made love on, that my Viking ancestors skated on with blades of bone.

And where's the cold? The kind that freezes the hairs in the nose every time you breathe in. Here, there is just a creeping dampness seeping into the bones. Do you ever see snowflakes on your coat, individual and perfect? Or watch the frost caught in the air, sparkling like glitter on a Christmas tree? In London, it is grey and wet: grey sky, grey river, grey buildings.

I'm starting to wonder how Miss Smilla would have coped with living in south London, and I'm unsettled by reports from Stockholm that some brave souls have already been skating on lakes to the north.

I remember my last skate of the season: first battling against a vicious wind and then turning in

surrender and being blown like a yacht over the ice, the dog tumbling at my heels.

As a Scandinavian depression settles over the whole household, my husband decides that something must be done. To recreate a true winter we could turn off the central heating, don thermal underwear, and pretend. But, in a flash of inspiration, he realises that the better way is to skate along to Streatham Ice Rink for the Friday night disco. Reluctantly, I agree to go. How can an indoor rink ever be a substitute for the vast expanse of a lake or induce the same thrill as you set off, in line, the snow swirling at your feet?

The lights are low and the music thumping as we arrive. There is no longer an organ pumping out schmaltzy tunes but a DJ running through the hit parade. We lace our boots, our own boots. We are part of the elite tonight: we do not have to cope with hired boots that pinch and have blunt blades.

It's nearly 9pm and the rink is filling up. The dry ice is pumping out from above and, filtered through the flashing disco lights, nicely recreates the Northern Lights. The cold strikes up from below. It is not -5°C but healthily below the personal 10°C of outside. It feels good to me. But who

are these people spending the evening going round in circles balanced on two thin pieces of steel? Some of them are very good. I realise, as I look from behind the barrier.

I scoot out on to the ice past the few timid souls still glued to the side and make stately progress round the rink. A Sporty Spice

**I'm unsettled  
by reports  
that some  
brave souls  
have already  
been skating  
on lakes to  
the north**

look-alike whizzes past me, and then another, and another. An ultra-cool guy shows off in the corner with leaps, whirls and impossible crossings of leg. His audience of youngsters comes and goes as they rush off to imitate and then return to gawp some more.

A group of young men are skating very fast, too fast for me. They seem like gods in their total con-

trol, dodging between us staidier mortals. I recognise the music as Aqua's "Barbie Girl". As though possessed, we all skate faster and faster in the same direction.

One of the gods speaks as he passes me. I turn to smile but he is far ahead, pony tail flapping, leaving his words to resonate through my head: "Bend your knees."

I realise that my ankles are beginning their customary ache during the first skate of the season and make my way to the side, remembering to bend. My husband is still out there, raising the average age on the ice by quite a few points, although there is another couple about our age, gratefully wobbling and clinging to each other. I turn to one of the stewards and ask her why all these people come.

"They just love skating," is her simple answer. Most of the kids can't afford lessons so they teach themselves and practise, practise, practise. She plays ice hockey herself and uses her skills to earn extra money working at the rink.

An announcement is made that there will be a speed skating session open only to those with their own boots. I modestly step off the ice with the hired boot contingent and realise that husband has stayed on.

Fifteen or so set off, urged on by

the DJ, first forwards then backwards, then figures of eight.

At this point my husband joins me. The cool guy is out there, "pony tail", so worried about my knees, and all of us standing at the side, wish that we were good enough to join in.

As the speed skaters stop and we are allowed back on, I seize my chance to catch the cool guy and ask him how he got so good. To my chagrin, he explains that he's just taken up skating again after a few years' absence.

He first started 17 years ago and it became his passion. He's now back, with a new pair of boots and renewed enthusiasm. He never had lessons but pushed himself to try new things. Now he passes on his tips to the youngsters at the rink.

It's time for the last few turns. As we walk out past the dinner-jacketed attendants the warmth hits us. It was cold in there, a familiar cold that keeps you moving on, making no allowance for tiredness or small talk. Is this what made it such an innocent evening - no alcohol, no rowdy behaviour, not even a flirt? I feel exhausted and strangely exhilarated. It can't replace the frozen lakes of Sweden but I'll be back. And, I realise, I can come whenever I want, even when it's summer in London.

The curse of the Ayatollah continues to dog the author Salman Rushdie long after the death of the old man himself.

Not only is the hottest property in Anglo-Indian literature still compelled to live at secret addresses under British police protection. But now the first film adaptation of one of his novels has been sabotaged by a handful of Moslem MPs in a country, Sri Lanka, where Moslems are a very small minority.

Rushdie, the subject of an eight-year-old *fatwa* calling for his execution, said this week he regarded the latest development as a deeply personal insult. "I have been attacked purely on the basis of my existence," he protested.

Behind the latest chapter in the Rushdie saga is an issue far removed from that which prompted the infamous *fatwa* from the former Iranian leader. It concerns the political future of the Tamil minority in Sri Lanka, who have been fighting a secessionist war for the last 14 years.

## All written up with nowhere to go

A Salman Rushdie novel is ready to be filmed - but Sri Lanka says no. Christian Tyler explains

Furthermore, the novel in question is not *The Satanic Verses*, which devout Moslems claimed was a blasphemy against The Prophet, but *Midnight's Children*, a story of Indian independence which has no controversial religious theme and is on open sale in south Asia.

Not even the prestige of the BBC in a former British colonial territory was enough to prevent the government of Sri Lanka last week revoking permission to film a serialisation of Rushdie's best-known novel and Booker Prize winner.

The government seems to have been pushed into reverse by protests from the few Moslem MPs inside the coalition.

These MPs reportedly also came under pressure from Iran. But a claim by the producer of the film that Sri Lanka's ambassador to Tehran had been called

in for a warning could not be confirmed.

A Sri Lankan government official sought to pin blame on The Guardian newspaper in London. In a report from Colombo on October 29, a Moslem MP was canvassed for his reaction to the BBC's plans, then at a sensitive stage.

The power of the Moslem MPs in Sri Lanka rests not on popular support - only 7 per cent of the 18m population is Moslem in an otherwise mainly Buddhist country - but on the weakness of the government itself.

With a parliamentary majority of only one seat, it needs the support of its small Moslem Alliance partner to ensure safe passage for a bill devolving powers to the regions - but ultimately designed to satisfy the Tamil rebels.

Even as the 55m BBC film was publicly being written off, how-

ever, discussions were going on behind the scenes this week which one participant said might lead to a reconsideration. A BBC producer met Sanath Gunatillake, the media representative of Sri

**Other  
locations were  
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but it would  
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find one**

Lanka's president, Chandrika Kumaratunga.

The president herself had supported the application to film in Sri Lanka. The project was formally approved on October 13 by the foreign minister and the

National Film Corporation. They read the film script (also written by Rushdie) and found nothing in it to cause offence to foreign governments or domestic groups. Filming was due to start at the end of January and last for 14 weeks.

Newspapers and anti-censorship lobbies in Sri Lanka have protested at the government's decision. They point out that Sri Lanka's popularity as a location for foreign film-makers could be threatened. The island, profiting from India's reluctance to give permission when sensitive subjects are to be aired, has played host to such titles as *Gandhi*, *Indiana Jones*, *The Jungle Book*, and now a life of the late Mother Teresa.

Meanwhile, Rushdie described the decision as showing "phenomenal intolerance". Asked if, in the light of the latest trouble,

he regretted writing *Satanic Verses*, he replied: "No, I'm not sorry I wrote it. I'm sorry about what is happening as a result of it. It seems I am now guilty in areas where nobody has even accused me."

Rushdie has received about £50,000 from the BBC for the film rights to *Midnight's Children* and another £30,000 for his film script. He will get a further £20,000 depending on how well the five-part serial sells - if it goes ahead. As big a loss would be the sales of a tie-in edition of the book, which tells the independence story through the eyes of children born between the hours of midnight and lam on August 14 1947.

"This is a purely political thing," said Christopher Hall, the film's producer. "I suppose we feel sad and angry about it. *Midnight's Children* is on sale openly

in Sri Lanka and India, and I know that the president has read it herself. We have enormous support within the country."

He said India had turned the project down, without giving reasons, but was probably afraid of popular Moslem reaction.

Although other locations were being sought it would be difficult, if not impossible, to find one, since the film required not only Indian-looking people and urban landscapes but a backdrop of English colonial architecture.

However, the makers were aware of the sensitivity of the project from the outset and were calling the venture *Saleem's Story*, apparently hoping it would draw less attention to the name of its author.

Rushdie has been asked by the BBC to proffer other film scripts, but says he has no time at the moment. He is writing a novel, to be called - after a line from a 1960s pop song - "The Ground Beneath Her Feet". Was it also set in India?

"It's set all over," he said. "It starts in India, and goes west." In the literal sense, of course.



## CHRISTMAS BOOKS

## Ian Buruma

I enjoyed Susannah Clapp's affectionate memoir of Bruce Chatwin, *With Chatwin* (Cape, £15.99). She loved Chatwin well enough to be critical without wishing to pull him down. Chatwin remains with rare gems, which, on closer inspection might turn out to be stones – but what stones! Clapp explains the mechanics of Chatwin, the man and the writer, and brings him gloriously to life.

Sumit Khlani's *The Idea of India* (Hamish Hamilton, £17.99) is also a labour of critical love. Without actually describing India, as a travel writer would do, he makes people live through the ideas people have formed of it. Nehru's India, Le Corbusier's India, Indira Gandhi's India, and Rajiv Gandhi's India. But it is also Khlani's India: an extraordinary state on the brink of chaos. What holds it together, Khlani's idea, as well as the country, is a humane, democratic, pluralistic vision of what India should be, and often is.

## David Cannadine

Christmas is a marvellous time for visiting art galleries, and here are three books which are appropriate accompaniments for ambulatory or armchair viewing. If you go to the National Portrait Gallery, you must read Charles Saumarez Smith, *The National Portrait Gallery* (NPG, £25), in which its director selects more than 100 of its best portraits, and illuminates them with comments which are a model of wise, witty (and occasionally waspish) concision.

Travelling further afield? Geraldine Norman's *The Hermitage: The Biography of a Great Museum* (Jonathan Cape, £20), is an extraordinary history of one of the most enduring collections of the world, which survived Stalin's sales and Hitler's tanks, and reposes amidst echoes of imperial splendour and the realities of post-Communist dilapidation. And if you plan to stay at home, then buy at your peril Anita Brookner's *Soundings* (Harvill Press, £16.99), a sparkling collection of essays on (mostly French) artists and writers, which should stimulate anyone not incorrigibly incapacitated by festive indulgence (or Francophobia) to get up, go out, and look at pictures.

## Richard Eyre

*The Diving Bell and The Butterfly* by Jean-Dominique Bauby (Fourth Estate, £9.99) was written by a man who, in his early forties, was almost entirely paralysed. Only his left eyelid could move, blinking to speak through an interpreter: once to say "yes", twice to say "no". This is not a sentimental, or sensational, or mawkish book; it is a beautifully wry and distilled memoir,



## The FT's vital volumes

Critics and guest writers choose their books of the year, from biography to fiction, art to politics

remarkable and moving even without the knowledge of how it came to be written and of its author's death soon after publication.

*The Pleasures of the Imagination* (HarperCollins, £30) by John Brewer, about English culture in the 18th century and the making of the middle class, is a very finely turned and entertaining account of the struggles of the arts, poised between patronage and penury, to establish themselves in a form that we can easily recognise today. The arguments about audiences, readership, the market place, profit, copyright, elitism, populism, state funding and private funding all seemed strangely familiar.

## Antonia Fraser

Max Egmont's *Under Two Flags: The Life of Major General Sir Edward Spears* (Weidenfeld & Nicolson, £25) gives a first impression of an urbane and civilised writer. In fact, although the

urbanity is all there, at any rate in the writing, the story that Egmont has to tell is dramatic and at times even bizarre. Here was a man, a brave soldier, an excellent writer, married to a best-selling novelist (while conducting a passionate affair with his secretary) who went from dealing with Clemenceau and Pétain in the first world war to Churchill and De Gaulle in the second, and ended his life in a dispute with Tiny Rowland over the Ashanti gold mines. Furthermore, since Spears was a pivotal figure in Anglo-French relations, I learnt more about this subject, painlessly, from this biography, than from any specialist study.

When jesting Pilate asked, "What is Truth?" he notoriously did not stay for an answer, but Felipe Fernandez-Armesto has written exactly the book which could have been pressed into Pilate's hand: *Truth: A History and Guide for the Perplexed* (Bantam, £12.99). It is written with great zest and, even if it is nearly 2,000 years too late for Pilate, it would, I think, make an excellent Christmas present for pedants, liars, fantasists and other dear friends.

## Nadine Gordimer

*Le Lys et le Flamboyant* by Henri Lopes (Editions du Seuil, FF130) is a fictional biography, set in the Congo, which proves to be a daring and intriguing autobiography.

*Dissolution: The Crisis of Communism and The End of East Germany* by Charles S. Maier (Princeton University Press, £29.95) is a superb, subtly intelligent politico-historical analysis of the roles of Gorbachev's Soviet Union, East Germany and West Germany (with the US pulling strings) in the demise of an era, juxtaposed with wider economic changes in the west.

## Charles Handy

My two books of the year are radically different in form and content yet both have the same message at their heart – what is the meaning of existence? The first, *The Diving Bell and The Butterfly* by Jean-Dominique Bauby (Fourth Estate, £9.99), is a moving reflection on life and its oddities, written by a man incapacitated by a stroke and communicating only by blinking one eyelid.

The second, *The Living Company* by Arie de Geus (Harvard Business School Press, £24.95) is a recipe for corporate longevity written by the man widely credited for creating the concept of the learning company during his time with Shell, where he worked for 38 years. Both books forced me to give some thought to why we live and why we work and the answer seems to be the same

in both cases, that if life is but an economic project it will be neither long nor very fulfilling. When the stakes are down, those who live for others and have a purpose beyond themselves will find life more worthwhile.

## David Hare

The second volume of Doris Lessing's memoirs, *Walking in the Shade* (HarperCollins, £20) belongs beside John Osborne's *A Better Class of Person* as the best writing we have about Britain in the 1950s. The effect of the book is extraordinarily pleasurable, as days of serious politics, passing love and lousy nutrition are perfectly evoked. Lessing, I think, would relish Peter Anson's *From Liverpool to Los Angeles* (Faber, £9.99), a polemic which drives a straight and serious track right through the wasteland of trendy cultural theory. Anson has a trenchant, humane and persuasive view of what the hell is now going on in British films, theatre and television. The best fiction? Undoubtedly, Deborah Eisenberg's *All Around Atlantis*, which I read in its American edition but which Granta Books will shortly publish here. Eisenberg is a short-story writer with all the gifts of a great playwright. Matchlessly, she conveys the subtle unease of being American.

## Peter Hennessy

My choices have been crafted by two of the wisest practical intellects to have come out of Cambridge University in the 1950s – Sir Percy Cradock and Viscount Runciman. Cradock, a career diplomat who retired in 1992 as foreign affairs adviser to the prime minister and chairman of the joint intelligence committee, has in his *In Pursuit of British Interests: Reflections on Foreign Policy under Margaret Thatcher and John Major* (John Murray, £18.99), produced both the best account of the political and administrative ecology in No.10 under Mrs Thatcher and a highly realistic treatise on the difficulties encountered by our great power in failing to adjust to the European circumstances in which it so reluctantly found itself.

Runciman, both a top flight businessman and a sociologist, has produced a work of interpretation on the economy, society and policy of the UK whose insights and sophistication are matched only by its deeply unattractive title *A Treatise on Social Theory Volume III* (Cambridge University Press, £50). No serious scholar of 20th-century Britain can be without it, but given the print size, their eyes will pay a price for the illumination it offers.

## Genista McIntosh

*Out of Me* by Pione Shaw (Viking, £15.99) is my best read of the year. This raw account, full of contradictions and ambiguities, of a catastrophic post-natal breakdown, ought to be bleak but is exhilarating. Shaw's description of being unreachable in a country of terror and despair, but simultaneously able to observe and reflect upon her own condition, is stunning. Anyone who has had a child, or a depressive illness, or both, will find themselves somewhere in it.

The cooler, but no less impassioned, tone of Charles Handy's *The Hungry Spirit* (Hutchinson, £14.99) is the latest in his sequence of reflections on the relationship between commercial imperatives and social values. His style is personal, anecdotal and entirely jargon-free. His reference points are diverse and unexpected. He puzzles about problems we can all recognise, without claiming to have definitive answers. And he loves the theatre.

## Ian McEwan

Useful protection against the millennial deluge to come is Stephen Jay Gould's *Questioning the Millennium* (Cape, £12.99), "a rationalist's guide to a precisely arbitrary countdown". The solar system does not know or care that we happen to calculate to the base of 10; Pontius Pilate died in 4 BC, so clearly the counting started too late; the hapless sixth-century monk who devised the BC/AD system did not have zero available to him as a functioning number – hence the irresolvable dispute, 2000 or 2001. However, Gould is delighted to concede that the looming event is significant because enough of us think it so.

I liked Saul Bellow's *The Actual* (Viking, £12.99). A life-long and barely fulfilled love affair is unfolded with beautiful economy; the novel has a wintry, valedictory air, and the cautious, tender reconciliation and proposal at the end is really very moving.

## Caryl Phillips

In an age in which it is fashionable to try to discern clues about the author through the lines of his or her fiction, J. M. Coetzee has successfully neutralised such scrutiny in *Boyhood* (Secker & Warburg, £12.99). In this memoir of his early life, he utilises the third-person, which creates the effect of aloofness. Despite this formal device, Coetzee succeeds magnificently in his evocation of the deeply-divided and often dangerous South Africa that produced him. Coloured/Native; English/Af-

rikaner; Protestant/Catholic, he explicates these fissures in his fragile society, allowing us to see them through the eyes of a lonely, isolated boy.

Music has benefited most from African American creative genius in the 20th century, but *The Norton Anthology of African American Literature* edited by Henry Louis Gates Jr. and Nellie Y. McKay (Norton, £21) demonstrates that in the next century, literary endeavours may well take centre stage. The anthology begins with the 17th- and 18th-century literature of slavery and freedom, and ends with the tradition extending itself to embrace genres such as detective fiction (Walter Mosley) and science fiction (Samuel Delany). The inclusion of contemporary writers like Toni Morrison, Rita Dove, John Edgar Wideman and August Wilson would suggest that African American writing has never been stronger or a more vital part of the cultural map of the US.

## Harold Pinter

So many ways to censor and oppress. The anthology *An Embarrassment of Thyristies: 25 Years of Index on Censorship* (Gollancz, £20) covers the field, from blatant and brutal state terrorism to much more subtle but equally effective modes of operation in the "free world". It's an impressive collection, with outstanding contributions from Eduardo Galeano, Yasar Kemal, Julio Cortázar and a searing piece by Mumukshu Bhawanji fifteen years on Pennsylvania's death row.

*Global Spin* by Sharon Beder (Green Books, £10.95) examines the systematic stifling of independent critical thought by multinational corporations – in alliance with the media and government. Beder's analysis is comprehensive, steady and clinical. She lifts the lid on an elaborate tapestry of lies, deceit, intimidation and destruction. Mind you, the multinationals do possess some strong arguments. For instance, they contend that to destroy the environment is actually in the best interests of the environment. In other words, they're saving the environment from itself. If you follow.

## Craig Raine

Tom Stoppard's play, *The Invention of Love* (Faber, £14.99), memorably marries Housman's passion for scholarship to his passion for Moses Jackson – particularly at the end of Act One, where Stoppard, in one of the most brilliant and moving scenes ever written, shows Housman parsing and translating an Horace Ode in a class, swatting inferior scholars, brusquely teasing a female latecomer, attentively

tory, elegantly put, offering such insights into French art as are never to be found in the vulgar and distorted work of the politically correct. Here is a book that surveys with telling acuity the transitions from Watteau's melancholy Rococo to the icy wastes of Neo-Classicism, from the torrid Romanticism of Delacroix to the deliberate Decadence of the century's end, transitions watched by Voltaire and Winckelmann, Rousseau, Diderot and Baudelaire.

Gillian Riley's *A Feast for the Eyes* (Yale, £14.95) is a book of recipes with very loose art historical connections to the paintings in the National Gallery that illustrate the text. It is a jolly book, with anecdotes as well as recipes, and though Pontorno's constipation is omitted, I am glad to learn that in Corot's day primes went well with rabbit. Without knowing it, I have for many years been potroasting poultry exactly as did Garavaggio for his "Supper at Emmaus", but baking a whole Edam cheese hollowed to hold prawns, more Dali than Van Dyck. I shall eschew Bachelors, said Aretino poet, pornographer and Titian's friend) eat best – and so they will with this engaging book at hand instead of Mrs. Beeton.

## Rose Tremain

In amongst the marvellous fiction coming out of America at the moment, Richard Ford, master of the long unrolling sentence in the manner of John Updike, is one of the best risen stars. The three novellas in *Women with Men* (Harvill, £14.99) explore the moment-by-moment altering states of the crisis-ridden heart. While Ford's men procrastinate and worry, his women take charge. Usually older, more knowing, their actions lead their husbands or lovers to a state of limbo, a kind of departure lounge to their future life, where they are alone at last with the plain truth.

Liza Picard's *Restoration London* (Weidenfeld, £20.00) is a beautifully produced reference work and I wish it had been around when I was trawling the 17th century for recipes, remedies and ribaldry for my novel, *Restoration*. Did you know that in the 1680s there were 10,000 small boats trafficking on the Thames between London Bridge and Windsor? Did you know that Christopher Wren redesigned the knitting frame? Do you know how to play gleek or make a patten? These and a thousand other questions you'd never thought of asking are answered in this entertaining historical brat tub.

All the books featured are available from the FT Bookshop, some at a special discount rate (see advert on Page VI).

## Brian Sewell

No book has given me greater pleasure than Anita Brookner's *Soundings* (Harvill Press, £16.99), a collection of essays, lectures and reviews that, apart from the introductions of Berenson, the benighted Job and Doris Lessing, are refined art his-



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## BOOKS

# 'Lives' for enlightenment

Jackie Wullschlager on the best biographies of 1997

**D**Israeli advised, "Read no history, only biography, for that is life without theory". Loud and clear, the Victorian cult of heroes stands behind our current strong tradition of biography. You can see it in subjects across the centuries, from A.N. Wilson's life of St Paul to Andrew Morton's book about Princess Diana.

Yet today theory is exactly what makes biography our bestselling, most accessible form of history. A good biography tells two stories – the life, and why, in social and cultural context, that life is representative. At the end of the millennium, our obsession is with people who shaped the defining intellectual movements of our century.

Above most 19th and 20th century subjects, therefore, two figures loom like giant shadows: Freud and Darwin. So much of what we seek to understand about our own lives – doubt and unease, self-consciousness and the terror of change – comes from them, and it is somehow appropriate that two of the best biographies of 1997 focus on their disciples, men who spread the word through their own impassioned understanding of it.

My biography of the year is *Alfred C. Kinsey: A Public/Private Life*, by James Jones (Norton, £28). No post-war book overturned western social attitudes more dramatically than Kinsey's

1948 *Sexual Behaviour in the Human Male*, with its report that 37 per cent of US men had homosexual experiences, 60 per cent enjoyed oral sex and 45 per cent committed adultery. An instant bestseller across puritanical small-town America, the book deflated myths about morality, provoked changes in the legal system and assured, says Jones, that Americans could never look at each other with the same innocence again.

Its power came from its apparent neutrality: pages of scientific data and testimonies from Mr Average interviewees. Jones' revelation – so psychologically acute, so sensitively explained that we feel it was obvious all along – is that behind the mask of scientific researcher was a man with a past and with a mission. Kinsey, agonised by his own homosexuality, was consumed by the desire to revolutionise the sexual mores which tormented him. Convinced that biologists should be social engineers, determined to prove he was not a freak, he made science serve him: he preselected homosexual interviewees; played sex-and-power games with his staff; romanticised paedophilia.

As Saul Bellow said, "there's nothing like a shameful secret to fire a man up": this sympathetic account is a model exploration of how a private imagination fuels a public life, of the flawed thinking of a visionary. Unflinching, vital,

beautifully written, it is a literary masterpiece.

*Huxley: Evolution's High Priest* (Michael Joseph, £20) is part two of Adrian Desmond's life of "Darwin's bulldog". Desmond calls Thomas Huxley "the salesman of evolution, forging that modern godless universe, millions of years old, terrifying and awe-inspiring", that is our Victorian inheritance.

This is a Huxley for our times, symbol of middle-class ascent, who "made Social Darwinism the step taskmaster to reconcile the workbench to capitalism... pointing the way to a Labour 20th century". It is also a vibrant, original portrait, superb on Huxley's intellectual life, moving on the cost of being a pioneer – the first professional scientist, coiner of the word agnostic: "There was a flawed perfection to his messy life: the conquering heights, the prehistoric visions... the inward collapses and outward bravura".

**C**ontemporaries called Huxley the "Apostle Paul of the new teaching". In *Paul: The Mind of the Apostle* (Sinclair Stevenson, £17.99), the apocalyptic vision, tied to an instinct for popularising, makes another story of a famous disciple enthralling. A.N. Wilson's Paul is "a richly imaginative religious genius... able to draw out a mythological and archetypal significance from the death of a Jewish hero". It is a quintessential 1990s interpretation, faith emerging from individual spiritual dilemma and sustained by art, not miracles: Paul is "the first of the great romantic poets, the man who made the crucified Jesus his inner light" and so founded Christianity. I loved the bright, flowing backcloths here: newly-built Hellenized Jerusalem; the commercial centres Corinth and Ephesus; the world of roads and trade, superstition and political tension that roots this story of an emotional volcano in the concrete facts of history.

Biography, with its emphasis on the inner mind, the gap between private and public man, is a genre steeped in psychoanalytical thinking. Yet a great life of Freud eludes us, and Paul Ferris' *Dr Freud: A Life* (Sinclair Stevenson, £20) is another disappointment. In the introduction, Ferris shoots himself in the foot: "Freud is what you want him to be", he writes, with that maddening 1990s veneer of tolerance which is a cover-up for having no opinions. But biography without a passionate point-of-view is like bread without yeast: flat, uninspired, full of soporific comments ("he may have felt, as authors do, that he had written his heart



Harrowing domesticity: Jacqueline du Pré, revealed as a monster of egoism and destructiveness in her family's split-tail memoir

out"... "his unconscious had let him down again") which do not rise into a coherent picture.

"The complete sympathy of a complete detachment" was Hugh Kingsmill's biographical ideal. Suffused with wonder and enthusiasm, elegant, full of insight, the best literary lives of 1997 match this model: Claire Tomalin's *Jane Austen: A Life* (Viking, £20), Andrew Motion's *Keats* (Faber, £20), Michael Holroyd's one-volume *Bernard Shaw* (Chatto, £25). Otherwise, lives of English writers are on the wane – subjects are simply running out. Instead, an explosion of interest in foreign writers – new lives of Camus, Simenon, Hugo, Chekhov – and a shift of focus to artists and composers. Outstanding are Jenny Uglow's panoramic *Hogarth: A Life and A World* (Faber, £25) – the star of the Whitbread shortlist – and the ravishingly illustrated *Stanley Spencer* (Yale, £25). Fiona McCarthy revolutionises our ideas about this very English artist, emphasising his landscapes, his politics and his

search for a new expressiveness of sex.

Twentieth-century figures, and an emphasis on the link between sex and creativity, dominate this year: Ian Gibson's sensational *The Shameful Life of Salvador Dalí* (Faber, £30); Frances Spalding's bed-hopping *Duncan Grant* (Chatto, £25); Jonathan Carr's *The Real Mahler* (Constable, £19.95): ailing composer tormented by glamorous wife.

**A**ndrew Morton's *Diana: Her True Story in Her Own Words* (Michael O'Mara, £15.99) will of course sell more than all these put together. There is something distasteful about Morton boarding a plane to meet his publisher hours after Diana's death, which brings home what a peeping-Tom industry biography is. But the profusion of bestsellers about Princess Diana pinpoints, too, our need for iconography, for myths about beauty and goodness and damaged lives which embody our

own fantasies and fears. The parade of photographic records of Diana's life – *Diana: Princess of Wales: A Tribute in Photographs* (Michael O'Mara, £15.99), *Diana Remembered* (Macmillan, £14.99) – are modern reworkings of the Victorian heroic school of biography: sentimental, oddly attractive, in a cynical age, in their attempts to shape life as a fairy tale.

Many near-contemporary biographies attempt similar romances, but flop; weak story, schmaltzy tone, style plodding like ABC. I remain unenchanted by new lives of Julie Andrews, Ingrid Bergman, Clementine Churchill...

Then there are the shockers. Witch of the year is Kitty Kelley, for *The Royals* (Warner, £27), a poisonous, factless black fantasy of the House of Windsor: artificial insemination to produce Queen Elizabeth in 1926, a homosexual Prince Philip, substance-abusing young princes – though I could not help relishing the dull Queen Mother's memory of a dull

T.S. Eliot making her giggle with a poem called "The Desert". If this is America assaulting our national values – the libellous book is banned in the UK – our revenge is Duncan Campbell's *The Story of Caroline Beale* (Macmillan, £16.99), the girl arrested at JFK airport with a dead baby in her bag and mauled by the US courts: expect Louise Woodward's life in print before 1998 is many weeks old.

Spit'n'tell tales mostly read like faded tabloids. But for harrowing domesticity, try the family memoir of Jacqueline du Pré: *A Genius in the Family* (Chatto, £16.99), revealing the callist as a monster of egoism and destructiveness. Near-incestuous adultery in rural England, related by the surviving sister in twin-set and pearls, who let her husband leave her bed nightly to sleep with brilliant Jackie in the attic... it is like finding Freud's Vienna in our own back yard: unforgettable in its demonstration of how bizarre and various are human lives.



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FINANCIAL TIMES

No FT, no comment.

## Women living dangerously

Joan Smith on a controversial year for fiction



Anne Michaels, who won both the Orange and Guardian prizes

**I**t was a year in which women novelists won two of the big prizes, including the Booker, amid fierce debates about whether one of them, the previously unknown Indian author, Arundhati Roy, was derivative. It is too early yet to judge whether the women-only Orange prize for fiction is having an influence on other prize juries but this year's winner, the Canadian novelist Anne Michaels, best of strong competition to take the Guardian fiction prize only last month.

Two established novelists who did not publish books this year, Salman Rushdie and John Le Carré, got embroiled in a public slanging match, confirming the status of the author as celebrity. This category, into which only a select few are catapulted, guarantees that a writer's pronouncements will be scrutinised as closely as his or her books: in 1997, it happened to Arundhati Roy, whose first novel *The God of Small Things* (Fleming) won the Booker. Roy is confident, articulate, and achieved maximum publicity for herself by declaring that she might never write another book – either a grand gesture, or a cunning wheeze to avoid that tricky second-novel problem.

But the hype surrounding Roy could not conceal the fact that her book got mixed reviews, with many readers finding her prose so over-written, the atmosphere of the novel so over-heated, that it was unbearable in anything but small doses. Roy undoubtedly benefited from the dullness of this year's Booker shortlist and the absence from it of fine novels such as *The Way I Fought Her* (Sinclair-Stevenson) by Rose Tremain, and Ian McEwan's *Enduring Love* (Cape). Both books are about obsession, from very different perspectives, and

the deceptive simplicity of the writing diverts attention away from the skillful plotting and careful pacing which is the *sine qua non* of good fiction. Tremain's novel, narrated by a young English boy on his first trip to Paris, is especially memorable for the way in which an alternative, more complex narrative emerges between the lines of an adolescent fantasy about first love, kidnapping and sexual initiation.

Anne Michaels' extraordinary, poetic novel *Fugitive Pieces* (Bloomsbury) partly set in wartime Greece, did not receive the critical attention it deserved until it came from behind the field to win the Orange prize. Two other

novels from the same publisher, Mary Flanagan's *Adele*, and *Marie*, a posthumously-published novel by the Belgian author Madeleine Bourdouxhe, approached the subject of female desire from thrillingly different directions, one clever and quirky, the other passionate and subversive.

Two of the best reads of the year fell in the category of genre fiction, which tends to get overlooked by prize juries. The title of Ruth Rendell's novel *Road Rage* cleverly reinterprets the fashionable phrase, applying it to the environmental campaigners who are furious about the damage done to the English countryside by

endless by-passes. The plot, in which a group of eco-terrorists seize hostages and threaten to kill them unless a road scheme is halted, demonstrates not just Rendell's ability to turn out clever detective novels but her sensitivity to contemporary events and politics. Tony Blair rewarded her with a seat in the House of Lords, where she joined her fellow crime-writer Lady James of Holland Park.

James's novel, *A Certain Justice*, conceals its sly modernity under a very traditional setting, the Inns of Court. In her customary elegant prose, P.D. James unravels the murder of a dislikable woman barrister, not long after her successful defence of a psychopathic young man accused of butchering his aunt in a boarded-up house on the A40. *A Certain Justice* presents two worlds, antiquated and contemporary, without making simple value judgments about either. James got respectful reviews but nothing like the column inches

devoted to Martin Amis, whose novella *Night Train* (Cape) was pure pastiche – an American detective novel, narrated by a female cop, which careered madly off course in an attempt to explain not just a mysterious death but life, the universe and everything.

A similar theme was handled in a much more sophisticated manner by the Turkish author Orhan Pamuk in *The New Life* (Faber). Translated into English two years after publication here of his tour de force, *The Black Book*, Pamuk's latest offering arrived trailing a reputation as the fastest-selling novel ever published in Turkey. Cool and intelligent, it is a novel about texts and how people read them, telling the story of a student who reads a book – we never find out which book – and discovers that his life has been transformed.

A genuine novel of ideas, *The New Life* demonstrates that fiction can be experimental, committed and engaging. This is a cheering conclusion in a year when the success of novels like *The God of Small Things*, and the furor over A.M. Homes's novel about paedophilia, *The End of Alice*, reveal a continuing fascination with showy fiction rather than quiet novels which have far more to say.

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## COLLECTING

## A record for Old Masters

Demand for 17th century Dutch and Flemish paintings is on the rise, says Antony Thornicroft

On Wednesday evening in London, Old Master paintings finally attracted some of the glamour and attention that has been concentrated for over a generation on Impressionist and modern art. More than 800 people crammed into Sotheby's Bond Street saleroom to see some fierce bidding for the 95 lots.

The auction achieved £28.7m, a record for a sale in this sector, and way above forecast. More to the point, at least 80 per cent of the paintings found buyers. The auction epitomised the state of the market, which is dominated by demand for 18th century views of Venice, and Dutch and Flemish 17th century paintings.

The highest price was the £5m paid for a pair of Venetian views by Canaletto. They were fine early works of the 1720s; in fact the last time they came under the hammer, at the previous market peak in 1990, they had sold for £6.5m, a record for the artist. But this week they were well within their estimate. Another pair of Venetian views by Canaletto, painted almost 20 years later, in a more precise manner, went for £3.85m, better than expected.

But the real stars were the northern artists. Record prices were paid for Salomon van Ruysdael (£2.3m); for

David Teniers, the Younger (£1.1m); Isack van Ostade (£2.2m) and Pieter Brueghel, the Younger (£1.98m). The Ruysdael did particularly well, scoring above an estimate of around £800,000.

The auction had been heavily marketed but the enthusiasm of the bidding, most of it from European collectors, suggests that Sotheby's was preaching to the converted.

Christie's sale on Wednesday was equally solid, achieving £12.9m. A still life of a pie with fruit by the 17th century Dutch artist de Heem sold for £1.8m, at the low end of its estimate, but a pair of Venetian views by Carlevaris comfortably beat their forecast, selling at the same price. A Bellotto view of the countryside outside Milan almost doubled its forecast at £991,500.

This interest in Old Master paintings, which has been growing steadily for three or four years, is remarkable. In theory, there is a great deal wrong with Old Masters as a marketable commodity. The finest works of the greatest artists - Raphael, Leonardo, Botticelli, Velasquez - are safely locked away in museums, or princely collections, and will never become available.



The Giudecca canal and the church of the Gesuati, Venice, by Francesco Guardi

It is impossible, even if you are richer than Croesus, to acquire the masterworks. In addition, the subject matter of many paintings is beyond the comprehension of modern buyers, few of whom are familiar with the stories of Ovid or the Old Testament. Religious imagery, much of it morbid, is equally out of fashion, and portraits of forgotten

Old Masters is steady and international and there are constantly new collectors. In terms of value for money, they are almost unbeatable; you can buy an attractive work by a respected name that has been honoured for centuries, like Rubens or one of the Brueghel family, for around £500,000, the kind of sum which would secure a very second-rate Impressionist work, or a blob by a fashionable contemporary conceptualist. At Sotheby's on Wednesday, a grand portrait by Van Dyck of Prince Charles Louis made a very reasonable £71,500.

There is a long tradition of buying Old Masters, much of it European, with the rich of the north favouring 17th century Flemish art, especially genre and rural scenes and still lifes, while the French, the Swiss, and Mediterranean Europeans favour Venetian views, which are also collected by Americans - and from further afield.

The popularity of these two sectors, which have come to dominate the Old Master market, is rooted in the ready availability of works, and the fact that the artists either painted scenes

that suit a modern home, such as flower paintings or village vistas, or that are particularly decorative, like views of 18th century Venice.

Earlier Old Masters, who created paintings with gold leaf background, and the works by Spanish and German artists, are less common and less expensive. Italian and French paintings of the 17th century also seem undervalued.

As in most fine art sectors, there are few collectors for Old Masters priced over £1m - there might be a dozen serious inquiries for a really important work - but they are keen and spread around the world. There are even new British buyers: Sir Graham Kirkham, founder chairman of DFS Furniture, and the impresario Lord Lloyd-Webber have been prepared to invest millions in Old Masters in recent years. Lord Lloyd-Webber holds the record for a Canaletto, paying £10m for a view of Whitehall.

There is also constant museum buying, often through private transactions arranged by dealers or salerooms. Aristocratic British

families, who still own many undoubted masterpieces acquired on the Grand Tour, prefer a quiet sale. When Lord Gage sold a major Fra Bartolommeo to the Getty for £14m, it was done very quietly.

But it is a polarised business. The important paintings, which are being lured on to the market by the recent high prices, do well.

There is also considerable interest in decorative Old Masters priced below £10,000, and the regular auctions at Phillips and Christie's South Kensington give anyone with a good eye, and enough imagination to peer beyond the dirt and the damage, the chance to acquire a very presentable piece of art history for a four figure sum.

London also has a good array of Old Master dealers, who can offer the advice and after-sales service sometimes lacking in the saleroom.

But the middle market remains weak. You have a very wide choice of paintings if you are prepared to pay up to £50,000.

To make it a very good week for Sotheby's, which has had its problems recently, its auction of American paintings in New York on Wednesday also set a record total, of \$45.6m, with "In the garden, Corti", by John Singer Sargent selling for \$8.3m and "From the plains" by Georgia O'Keeffe for \$3.6m.

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## ARTS

# Soothing sounds of Araby

Despite the recent tragedy, Michael Church finds a thriving cultural celebration in Egypt

Egypt is a land in anguish: impoverished, stalked by fear, racked with remorse, terrified of ostracism. You feel it in the streets, you find it on every page of the newspapers. So it was no surprise to read a long and ecstatic review in *Al-Ahram* of a performance in Cairo last week by the London-based Out Of Joint theatre company. Its visit, said the paper, "was a wonderful gesture of friendship and support". The article was headlined "Great art and brave hearts".

Well, moderately brave hearts. Their visit was to have been one of the highlights of British Week - scheduled long before the Luxor massacre - but when the terrible news broke, the actors spent two days at Heathrow nervously debating whether they should go at all, with the result that their inaugural show had to be cancelled. A day later the Guildhall Strings - billed as British Week's other highlight - refused to board their plane. And eight of the 40 British universities due to bark their wares at an education fair pulled out. This was not British culture's finest hour.

Nor, to be frank, was the British jamboree at the Nile Hilton. The department of trade and industry had delegated the foyer display to a company who chose to present their country with the aid of red telephone boxes, London bobbies, killed Scotsmen, Beatrix Potter mice, horse-drawn carriages, and derelict mills. Watching this farago, I heard a British Council officer mutter despairingly, "Why can't they broadcast the message that we are alive?"

Because the British Council in Egypt - now 60 years on post - is very much alive. It may hang the drum in all the usual ways - teaching English, boosting British books, presenting British films and rock groups - but its cultural work goes to the heart of some of Egypt's key problems.

Most women in rural Egypt are illiterate: the council is devising a huge project to help remedy this. And next week it is holding a conference in Cairo entitled "Democracy and the Rule of Law" for academics and jurists from all over the

world. Ruth Addison, the convenor, is aware of the risks in the present climate, but is determined to have free speech. For all its faults, she says, Egypt is the only country in the Middle East where such a conference could be held. Next year the council's arts manager, Basma El Hussein, is planning a training programme for police officers with a special focus on human rights in interrogation procedures.

Another of El Hussein's projects - to be unveiled at the Amman theatre festival in March - is an internet website providing a directory of actors, musicians, and artists throughout the Arab world. "We all have the same problems," she says. "Our arts are almost all state controlled, which means that only artists with friends in high places get support and recognition. The website will give names and addresses for free. It's desperately needed."

I got a whiff of that desperation in Alexandria, where Out Of Joint had been scheduled to give their final performance. With an actor off sick (and no fall-back plan) the show was cancelled, leaving the British Council to apologise to the throng at the door. A visiting company is a rarity here, and many in that throng were local actors eager to improve their skills. One group of directors and designers had brought a detailed statement proposing future collaboration with their putative British mentors. This was a sad and shaming moment.

Since music is the art that travels best, it is appropriate that the council should regularly send young Egyptian musicians to study in Britain (a scheme currently suspended thanks to government cuts). These musicians, of course, play classical music in the western sense of the word: in Egypt the divide between occidental and oriental classical music is stark, and nowhere better exemplified than in the Conservatoire and the Arabic Music Institute, standing side by side in the shadow of the Pyramids.

The Conservatoire has its fair share of student talent (watch out for a remarkable young cellist called Mah-



The beautiful door to the el-Ashraf Barsbey Mosque in Cairo's main street. Made in 1423, its surface is ornamented with fine bronze open-work, fitted into an 'ablaq' frame. From 'Splendours of an Islamic World' by Henri and Aeneas Sauerlin (P. Tauris, £29.50)

mond Saleh). But its graduates have great difficulty in finding work, because Egypt's western classical audience is minuscule. I went to a concert by the London singing group, I Fagiolini, at the Cairo Opera House, and watched Purcell - beautifully sung - empty the hall. The Arabic Music Institute, on the other hand, is the brand leader for the Middle East: its graduates are in huge demand, with those working in the Gulf earning a fortune. I sat in on classes for the oudh, the nay (bamboo flute), and the kanun (oriental zither), and watched the "beginners' orchestra" go through its paces, generating that mournful sweetness which is the soul of orchestral music in Araby.

For this disjunction between the cultures, however, the ever-inventive El Hussein has devised a remedy: putting three classical Arabic musicians together with three Britons, she has induced a unique fusion, which goes by the name of Maqam. Sherif Mohieldin, who conducts the Cairo Opera House orchestra, says his dream is to programme concerts with exclusively Egyptian compositions.

In a dizzy week, the most inspiring thing I encountered was within the British Council's portals. I had seen the travelling puppet shows at Cairo's Sayida Zeinab fair, where I saw their equivalent, made and manipulated by children from Menya, a part of Upper Egypt which the press routinely brands as a hotbed of terrorism. It is in this area, with support from the British Council and their Swiss counterparts, that the El Warsha theatre company has opened schools for puppetry, cartoon film-making, and the ancient art of stick-dancing.

Hassan El Geretly, El Warsha's director, is motivated primarily by artistic goals, but he has an implicit political agenda. Over the past five years he has roped in aged maestros of near-forgotten folk arts and induced them to pass on their skills. In the hands of his company, which is due to perform at the Kennedy Center in April, these techniques produce wonderfully theatrical results. As a way of channeling the creativity of children who might otherwise

gravitate to crime, their value is immense.

The Egyptian government does not take much interest in El Warsha's activities, and does not provide any funds. Nor does it support the Wissa Wassef weaving school, where children from one of Cairo's outlying mud villages create tapestries of extraordinary beauty and complexity. These days it's often said that Egypt is about to founder in religious fanaticism. That is rubbish: religious conservatism may have set in, but the real peril is anger born of poverty and powerlessness. Art is no panacea for political ills, but projects like these might just sow some seeds for peace. Mr Mubarak should take note.

Radio/Martin Hoyle

## Look back at scandal

In a previous incarnation as a theatre critic a decade ago I never quite agreed with ecstatic colleagues about the virtues of the company known as Theatre de Complicite. Their efforts struck me as ingenious, painstaking, intelligent - and fatally imbued with the preciousness of their French mime training. In recent years their fame has grown, even inspiring a squeakingly adulatory tribute written in teenage bobby-sox tones in one of the "serious" papers that should know better, pointing out their alleged impact on every branch of British culture. Have you noticed it? I thought not.

All of which is an ungracious prelude to reporting the company's radio debut. Last Sunday Radio 3 presented a version of John Berger's *To the Wedding*, adapted by the author, Mark Wheatley and Simon McBurney, moving spirit behind Complicite. The company took to the medium like a duck to water, more precisely like wildfowl to the Po, the river that became the storyteller with the voice of McBurney, an ideal radio presence, in his own immensely distinguished production.

The plot of this modern *Blood Wedding* follows the separate journeys across Europe by a father and mother, long separated, to the marriage of their daughter, recently diagnosed as HIV positive. Regrets, longing, anger, love, resignation, hope - all formed a bitter-sweet kaleidoscope of past and present, expressed in marvellously radiophonic terms, and acted by such Complicite veterans who have gone on to tremendous success as Kathryn Hunter and Annabel Arden - great names, impeccable team performances. Complicite is welcome to return to radio whenever it likes, a triumphant plume in Radio 3's cap.

Sabbath solemnity has been lightened recently by Radio 5 Live's *The Politician*, the actress and the Bishop, billed as "an exploration of the scandals industry". Matthew Parris presents this survey of the tabloids' way of homing in on ordinary people and how they (the people) cope. Parris is of course a professional Mr Nice Guy and the general effect is bland; one longs for a punchy interrogator with a few knockout blows to the press, publicists or indeed (in some cases) the allegedly ordinary people.

My favourite programme dealt with the ex-Tory MP Jerry Hayes and his alleged affair with a male researcher. "I was taken for a ride," exclaimed young Paul bitterly with a slightly unfortunate choice of words. "I wouldn't like anyone else to be put in that position." He sold the story of the alleged affair for three years later to the *News of the World* for £30,000 - less twenty per cent to publicist Max Clifford (whom he looked up in a phone book in the public library). The newspaper spirited Paul away from his native Peterborough for a taste of life as a *peut-être* under guard ("I quite liked it") in the "lovely" Canizzaro Hotel, Wimbledon, taking him to eat in bistros and to see Erna.

Even in a world where careers may be shattered (presumably fatally) infected with a love of the high life, Paul lost his job and friends just as the MP subsequently lost his seat, everything seemed almost cynically amiable. Hayes reminisced about the good relationship he had always enjoyed with the *News of the World*. They in turn spoke of him with fond regret. Piers Morgan, editor of the *Mirror*, talked of informers with contempt ("the lowest of the low") but defended their use in the pursuit of "good" stories. The papers and Max Clifford seemed the only winners. And the public interest - of course.

War and Peace plods on in its disappointing way with lots of swishy sub-RSC acting, 1990s People's Grammar ("neither of us are"), and that ultimate radio drama illiteracy, the casting of many similar and sometimes indistinguishable voices. Until recently confusion was worst confounded by the almost imbecilically unhelpful Radio Times printing a cast-list of two or three (sometimes minor) characters and listing the remaining players, up to 20 and including major characters, under "with..." The rationale behind this idiosyncrasy has given us the players of maids and butlers but not the principal characters. Thus, in the unlikely event of Radio 4 producing *Romeo and Juliet* as a farewell to serious drama before Controller "Spiller" Boyle's hour time-limit takes effect, the cast-list would identify Chorus, Sampson, Gregory and Abram and lump the lovers, Nurse and Mercutio under "with..." Ill-starred indeed.

Television/Christopher Dunkley

## Love in the air

The single play is not dead. It turns out that the law which said all television dramas had to be cinema/TV hybrids, adaptations from classic novels, or written as multi-part serials was a figment of the broadcasters' imagination. There are still people around who can write one-off dramas, and who have more than mindless escapism in mind, and BBC2 can prove it. Tomorrow evening the network screens the first of three 90-minute productions under the umbrella title *Love Bites*, the claim being that all three are "about the pleasures and pains of love and sex". Since that covers everything from *King Lear* to *Carry On Camping* it is best to forget the idea that these are somehow connected and simply watch them because each is well worth its 90 minutes.

Tomorrow's opener, *Bumping The Odds*, demands a pretty strong constitution from the viewer. It is the latest in a remarkable tradition of tough, even violent, modern urban television fiction

to come from Scotland. Those with a more than casual interest in the medium may remember *Shoot For The Sun*, *Jus City* and other examples. *Bumping The Odds*, written by Rona Munro, who was responsible for the screenplay of *Ladybird*, *Ladybird*, may put you in mind of *Trainspotting*. It is a harrowing lower-decks story of life among single parents, drug addicts and loan sharks in Glasgow. Some may feel that for much of its duration it rubs the viewer's nose with unnecessary vigour in the sheer nastiness of this life and - apart from the undeniable excitement of some of the action sequences - offers little in the way of redeeming purpose.

And yet, as the plot begins to resolve, with the awful discovery of treachery

among friends and the hideous need to choose between bad and worse acts, you realise that - despite the contemporary trappings of washing machines and ice cream vans - this drama is largely concerned with the same matters that inspired Greek drama. Not family solidarity and the whim of the gods, perhaps, but the eternal tension between male and female, the struggle between sex drive and loyalty, and the seductive nature of power. Technically it is sometimes irritating. Presumably the trendy "letterboxing" of the picture indicates that this may be shown in cinemas, but the determination not to keep the camera level, not to permit non-Glaswegians to penetrate some of the dialogue, including key pas-

sages vital to understanding the plot, is largely a question of fashion, and it does grate. Next week brings *In Your Dreams*, an account of one evening in the lives of two university students, Jamie and Clare. They go to a restaurant for a meal, then to a pub for a drink with friends, take a brief rest on a park bench where a kiss occurs, and then go on to a party where they drink a little, smoke a little pot, and dance.

It is the events after that, when he walks her home, and persuades her to allow him in for a coffee, that become the true subject of the drama. We realise this because producer Elinor Day and writer Ol Parker have used the unusual device of the flash forward, cut into the events

of the evening, to indicate that proceedings end in a court case. Jamie leaves Clare's flat to go home but is caught in a rain storm and returns. What then happens becomes the subject of a date-rap prosecution.

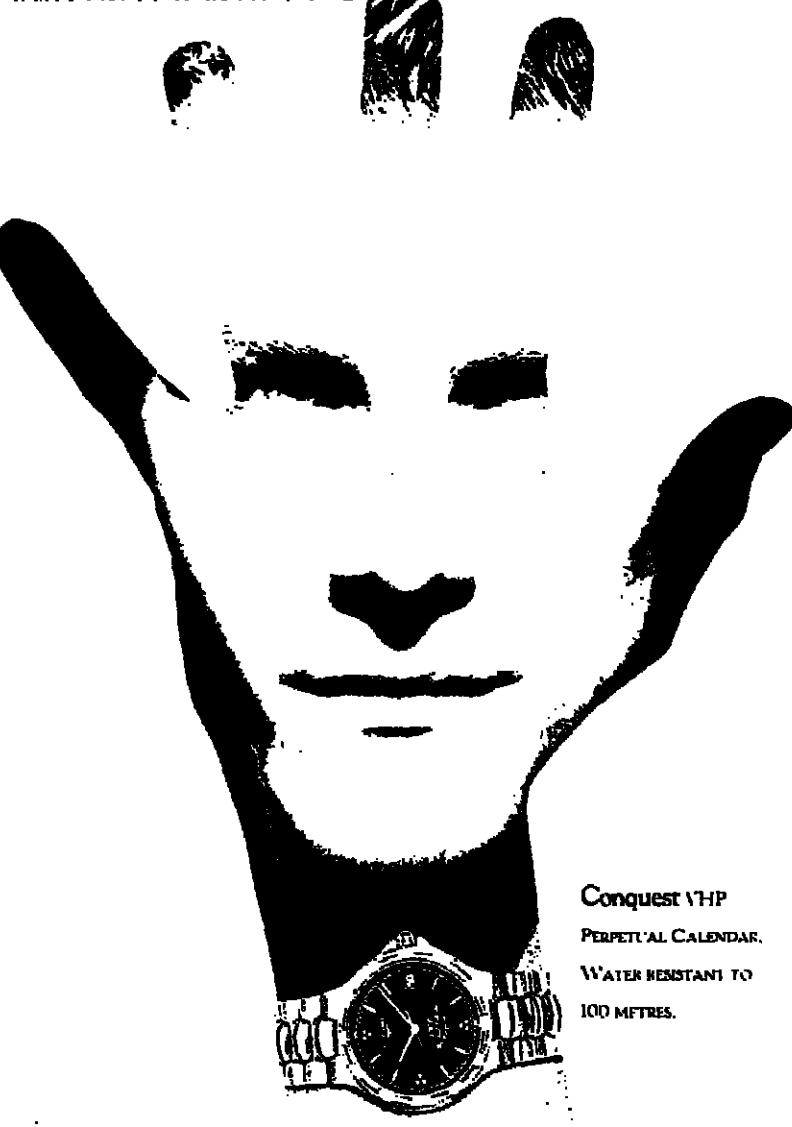
Apart from being a seemingly authentic picture of modern student life, *In Your Dreams* is also interesting because it uses a trick I do not remember seeing since John Hopkins' quartet *Talking To A Stranger*, also on BBC2, in 1968: we see the playwright's version of events, and Jamie's and Clare's, sometimes with a split screen so that the two can appear together. It is a vividly effective way of showing up the subjective nature of evidence, and thus the different views of this sort of incident.

The most entertaining of these three dramas is *The Perfect Blue*, by Nick Collins, who has a wonderful ear for dialogue and writes very funny lines. If he is not careful he will be sucked into sitcom, assuming that has not happened already. Here he tells one of those bitter-sweet stories that Hollywood used to do so well, about Tom and Sunny, a couple who had an affair years ago, decided they were incompatible, meet again when each is about to marry someone else, and realise the attraction is as powerful as ever. As it happens Sunny (Imelda Staunton) is white, but this is wholly incidental and, happily, neither writer nor director (Kieron Walsh) ever wags a finger at us.

Given the quality of these productions it is hard to understand why BBC2 is limiting itself to three. Why not create "The Sunday Drama" and make another 49 a year?

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## ARTS

**W**ell, well. So the Turner Prize for 1997, and its £20,000, has gone to Gillian

Wearing, when everyone had thought, indeed was all but convinced it would go to Cornelia Parker, she of the preciously presented piles of miscellaneous waste, and the dangling bits of carbonised church. But then a surprise was always on the cards, or rather non-surprise, for in truth this year the short-list was narrower than ever in its scope, and the Turner is notorious for the favourite coming unstuck.

The prize is restricted to British artists under 50, and is given for "an outstanding exhibition or other presentation of their work" in the 12 months preceding the publication of the short-list, in this case May 30, 1997. So it is not even the work itself that is rewarded so generously, but rather the show, the event, the *mise en scène*. This rule suits the conceptual artist

# This fly is on the wrong wall

William Packer reviews the work of Gillian Wearing, winner of the 1997 Turner Prize

and installationist very well, indeed could almost be so designed to exclude all else, for without a show there is for them no work at all, but only the project, the idea, the twinkle in the eye.

For all the particular differences between them, the four women who make up this year's list all conform very closely in this respect. They are none of them makers as such, their art-work, as we must learn to call it, consisting in nothing so chancey as to involve any laying-on of hands, but only the judicious selection, disposition and ordering of actions and material.

Gillian Wearing's citation tells us that she thus stands out "for the sustained development of her work in this year as seen in 'The

Cauldron', at the Henry Moore Studio, Halifax; in 'Full House', at the Kunsthaus, Wolfsburg; and most recently for her thought-provoking video '10-16' at the Chisenhale Gallery, London." I like that "thought-provoking". Art, I mean art-work, these days has very much to be about making us think. It constantly asks us to "confront issues" and certainly expects us to think about them correctly - women's issues, race issues, gender issues, the rewriting-of-history issues: all that sort of thing.

What Wearing does in fact is to play around, to superficially intriguing and entertaining effect, with the video camera. Why this should make her an artist, I mean art-worker, rather than a film-maker or

photographer is another matter. There is nothing wrong in principle with artists exploiting new devices and techniques as they become available, if appropriate to their purposes; but equally, there is no virtue in such experiment of itself that justifies the work as art. And some of us begin to grow tired of being told yet again how wonderful it is that young artists these days are working with new media and technologies, as though that alone makes what they do exciting, or even interesting. No doubt squeezing the paint onto the palette was no less exciting, when tubes of paint first came in.

The problem is that we have as yet no clear critical language or aesthetic for so much of the work that is being done in these

experimental areas. On the other hand, those that already exist for theatre, literature and cinema are more than adequate, if only we are honest enough to apply them.

**W**earing tells us that 1970s fly-on-the-wall documentary television was for her a formative influence. And what a surprise it is that when we consider her work in just such terms, it suddenly begins to seem trivial, banal and obvious. Paul Watson's *The Family* was a serious and even dangerous departure from the old norms of television programme-making. Wearing, with her vox-pop interventions, is hardly so daring or ambitious.

She persuades passers-by to write their passing thoughts upon a placard and hold them up to the camera. She films herself dancing alone in a Peckham shopping centre, and we are supposed to be surprised that no one seems to take much notice. She films adults miming to children's voices, achieving an immediate frisson of incongruity soon dulled by repetition. A more recent wheeze, central to her current prize display at the Tate, sets up a group of policemen and women for a photograph and films them for a solid hour. My goodness, how they shift and yawn and scratch and stretch.

Using photographs and video she has collated with members of the public, young and old, to produce a body of

work that yields insights, both funny and disturbing, into the complexities of everyday life at the end of the 20th century... Using carefully-thought-out methods and strategies, she presents a kaleidoscopic view of human experience, its pleasure, pain and ambiguities.

So runs in part the apologia in the exhibition pamphlet, and indeed it would be interesting to learn quite what these insights are, and how we might profit by them. What does a well-dressed young man holding up a sign that says "I'm desperate" tell us about our quotidian complexities? What do those fidgeting policemen demonstrate beyond the obvious, that it is jolly uncomfortable to sit still for five, let alone 60 minutes? So far as I can see, nothing at all.

The Turner Prize: The Tate Gallery, Millbank SW1, until January 18; sponsored by Channel 4.

## A temple to ambient light and sound

John O'Mahony finds Brian Eno with a room of his own in a St Petersburg museum

**B**rian Eno yelps, "Did you see that?" at the crew of technical staff shuffling nervously around St. Petersburg's Russian Museum. "She didn't wring the mop out in the bucket, not even once."

With less than 24 hours to go until the opening of his installation, "Lightness", in the museum's Marble Palace wing, many of the vast numbers of slides to be used in the show are still lying in an unruly, promiscuous heap on Eno's cluttered table. The seven projectors, which will eventually spew garbled coils of light onto a giant, diamond-shaped screen, are behaving erratically; and the three CD players, that should glide over one another to produce a constantly permutating soundscape, still need to be hooked up to the speakers. But Eno's thoughts are focused elsewhere: on the floor, the mop and the professional peccadilloes of a post-soviet cleaning-woman.

"I mean, what is the point in just sluicing the water around the room like that? It makes no difference whatsoever. All it achieves, in true socialist fashion, is an even redistribution of the dust."

One would expect that Brian Eno might have grown accustomed to this sort of thing by now. The founder-member of Roxy Music, producer to David Bowie, Talking Heads and U2 and inventor of "ambient music", has spent a total of five months in St. Petersburg since announcing last April that he and his family were relocating to Russia for an indefinite period.

Since then, he has moved almost exclusively in the city's grungy visual art circles - Eno's original ambitions to be a painter were derailed when met the other members of Roxy Music while studying at Winchester School of Art - popping up unannounced at exhibition openings, becoming involved with a new St. Petersburg aesthetic-terrorist organisation called "Artistic Will", and going on an art expedition to a Crimean lunatic asylum. The familiar persona of producer, techno-boffin and all-round pop-visionary has evaporated and been replaced by "Brayan Ino painter" - the

**W**hile the choice of St. Petersburg was influenced by his wife Anthea, an ardent Rosophile, the deciding factor for Eno was not the city's beautiful neo-classical architecture, nor the hazy, infinite climatic aberration known as "White Nights", but the protean nature of the cultural scene. "I felt a lot of strange potential here," he says, "it seemed to me like a place where every boundary was so fuzzy that anything could happen. It may be difficult to do simple things here - like the situation with the cleaning woman, or negotiating the customs - but often it is very easy to do complicated things. Activities that involve complex interactions of people, which would be impossible in London, seem to be relatively easy."

One case in point is Eno's installation, which in April was barely more than a



Pop-visionary Brian Eno pores over slides for "Lightness", his installation on show in the Russian Museum's Marble Palace

vague, ill-defined and very distant possibility. After an offhand suggestion to members of the Russian Museum staff, he suddenly found himself in possession of a gigantic, neo-classical, newly-renovated chamber and a carte blanche invitation to do what he liked with it.

By the opening, he had completely transformed this extraordinary space, erecting a system of screens and pillars at one end, dousing the surfaces with shards of colour and delicate shreds of light, and finally enveloping the whole thing in sound: soft liquid droplets of electronic music that seems to ooze from the speakers. A computer programme controls the slide projectors so that the same pattern never

repeats, and the three CD players all interact in different ways. The rest of the room is given over to the audience and darkness. The result is a rather like a temple dedicated to ambient light and sound. Eno describes it as "something between cinema, firework display, environmental music and installation."

**M**ore important to Eno than the installation itself or even its manifest success - at the premiere, young trendy Russians gazed at the curving shapes for hours on end - is the fact that "Lightness" is happening in the Russian Museum. While

he has mounted similar work at the Riverside Studios in London and at various venues throughout Europe, this is the first time he has crossed the threshold of such a renowned cultural landmark. It marks the fulfilment of everything that Eno set out to achieve in St. Petersburg: "This place is the equivalent of the Tate Gallery", he whispers, almost in disbelief. "Well, they wouldn't put one of my shows in the Tate because I am a pop musician and I can't really be a *bona fide* part of that world. But they can put my work on here. This kind of distinction doesn't seem to bother the Russians, if they even think about it at all."

Now that "Lightness" is

up and running, Eno is making preparations to enter the fray again in London - revitalised and ready for some lengthy sessions in the recording studio. But much as Eno may have enjoyed his Russian sojourn, he adamantly insists that there is no prospect of a long-term move. "No, I wouldn't live here permanently," he says, "I doubt if I'll ever live permanently in any one place again. I find that I am very stimulated by dropping into other environments and picking up what is special about those. It invigorates me. It keeps me awake."

Brian Eno's "Lightness" runs at the Russian Museum's Marble Palace until December 15.

## A tale of two cities

New Yorkers are incredulous at the operatic mess in the UK, reports Andrew Clark

**I**magine you are a regular patron of the Metropolitan Opera in New York. On stage, you have an endless parade of the world's finest singers - many of them home-grown, as in Jonathan Miller's new production of *The Rake's Progress*. Front-of-house you are part of a "democratic" public which fills 4,000 seats, seven performances a week, from September to May. And whether you buy a \$200 ticket or a cheaper one, you cannot fail to notice that the Met is the best-dressed machine in the business.

The management seems to know exactly what it is doing. It recently announced a programme of new productions - not just for the 1998-9 season but for the next five years. It has signed a long-term contract with the world's most wanted conductor, Valery Gergiev. It has also commissioned three new operas, including one from Chinese-American composer Tan Dun. All that - and barely a cent of taxpayers' money. You don't even have to pay for your programme.

Contrast this with the mess in London, and it's hardly surprising New Yorkers should react with a certain amount of Schadenfreude. Sick of having to listen to British visitors' patronising comments about Met conservatism, they see the UK operatic system in a process of self-destruct. Behind the smirks there's an air of incredulity: was it necessary to subject renowned institutions like the Royal Opera House and English National Opera to such chaos? And why should something enjoyed by hundreds of thousands be branded elitist just because rich people like it too? Americans know political demagoguery when they see it, and they've spotted it 4,000 miles across the Pond.

Culture bulls in New York see London's opera crisis as a legacy of the Reagan/Thatcher mentality and the havoc it wrought on the arts on both sides of the Atlantic. The Met's advantage is that state subsidies amount to less than three per cent of the budget; if all was cut, it would be all-inconceivable but not a tragedy. No one in the US is foolish enough to believe British opera companies can convert to a Met-type operation overnight. It needs favourable tax legislation and a long tradition of private support. What makes the UK interesting for Americans is that, despite the influence wielded by people like Vivian Duffield at Covent Garden, high culture does not generally bow to the taste of a few rich people, as it does in the US.

The British mix of public/private support is seen as a paradigm of how to nurture the arts. Viewing the Met through rose-tinted spectacles is easy but dangerous. Unlike opera houses in the UK, there is little room for experiment. When the Met's taste advances, it usually comes in the shape of tried artistic formulas from the Old World. This helps to explain why Jonathan Miller is so popular in New York. He has been working there regularly since the early 1980s, and looks set to continue doing so. His productions, often rehashes of previous efforts elsewhere, come with a veneer of intellectual

respectability, allowing the Met to blush less about its Zeffirelli excesses.

You would have thought Stravinsky's moral fable would tickle Miller's imagination - but no, it's back to the old routine of updating, a trick Miller always pulls when he can't think of anything else. Trulove is a 1930s squire in plus-fours, Anne a quiet blonde in pleated skirt. Nick Shadow looks like an upmarket undertaker, while Tom could pass as a Wall Street speculator. Peter Davison's postmodern sets conjure a cloudless blue horizon in the opening scene, a series of lonely Edward Hopper cityscapes for Tom's adventures and a stuffed shark as centrepiece for the auction. The brothel is a feeble imitation of a George Grosz cartoon, while the finale finds Miller in medical mode, choreographing the fits and twitches of a modern madhouse.

**Sick of comments about Met conservatism, Americans see UK opera in a process of self-destruct**

The result is mildly entertaining. But by denying the work's 18th-century conventions and drawing it closer to our own, Miller neutered its wit, irony and sophistication, not to mention its moralising purpose. The most glaring gap in the production's logic is Baba the Turk. Where does she fit into this vaguely 20th-century milieu? Why does she go to sleep? Why is she being auctioned? Miller doesn't seem to know, with the result that the auction scene, the most characterful of the whole opera, is a non-event.

On the plus side, Miller discovers real characters behind Stravinsky's archetypes. With the exception of a hopelessly overacted Selim, the vocabulary of glance and gesture is illuminating.

Samuel Ramey's Nick is far more dangerous than his previous attempts at this role (and just as crisply sung), because Miller makes him so plausible. David Upshaw's Anne also benefits: far from being the stereotyped American sweetheart, she radiates vocal and moral purity, no more affecting than in "I go to him". Jerry Hadley has probably played Tom once too often - the tone is now uncomfortably strident - but he knows how to impersonate the ne'er-do-well, and his Act 1 lament held the audience spellbound. Denyce Graves, a singer who goes from strength to strength, is the sumptuous, sexy Baba, and David Pittsinger makes a sincere Trulove.

Stravinsky is not really James Levine's forte, and it shows. The sound is too plush, the tempos too slow, and the amplified harpsichord doesn't help. Even so, the Met orchestra seems incapable of turning in a dull performance - one more reason for exchanging London's operatic blues for a night at the Met.

## Stylish

Karen Wheeler says

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# How to Spend It



From left:

■ The joy of Dries Van Noten is that his eclectic, decorative clothing is made to mix and match and blends well with other designer pieces. Print skirt, £230 by Dries Van Noten, and red wraparound sweater, £150 by Etro, both from Browns 23 South Molton Street, London W1, tel: 0171-491 7833.

■ Devoré silk chiffon print dress with spaghetti straps and slip underdress: £1,495 by Basia Zarzycka, 135 Kings Road, London SW3, tel: 0171-351 7278. This dress might seem extravagant but is irresistible. The young and streamlined could wear it on its own - but teamed with the sort of long, plain black jacket that most women

have in their wardrobes, it becomes practical and wearable.

■ Both Tocca and Keita Maruyama specialise in pieces that can be bought to add zest to items already in the wardrobe, such as this lilac print skirt, £170 by Tocca and embroidered purple sweater by Keita Maruyama, £135 - both from Tokio, 309 Brompton Road, London SW3, tel: 0171-823 7310.

■ Delphine Wilson, and Martin Kidman specialise in interesting pieces of knitwear that can be used to make an otherwise simple outfit look very individual - for example, this purple cobweb knit cardigan, £349 by Delphine Wilson from Harrods, Knightsbridge, London SW1, tel: 0171-730 1234.

■ Silver printed evening coat with fur trim, £650 by Scapa from Browns, (as before). This opulent evening coat reflects the trend for luxurious items of clothing perfectly. ■ Elspeth Gibson specialises in beautiful evening pieces - dress, jackets and skirts in decorative fabrics, such as this black sheer beaded skirt, £219 by Elspeth Gibson

from Harrods (as before), and A La Mode, 36 Hans Crescent, London SW1, tel: 0171-584 2133.

■ This luxurious little grey opera jacket would transform any long plain black dress - £480 by Elspeth Gibson from Liberty, Regent Street, London W1; and A La Mode (as before).

Illustration: Jason Brooks

Fashion

## Stylish women are going to pieces

Karen Wheeler says the branded look is on the way out, and mixing and matching is in. She offers some tips on the best of the bits

**F**ashion, dedicated watchers will have observed, is now all about pieces - individual, beautiful and not necessarily strictly practical.

Pieces have replaced the trendy label as the way in which the fashion cognoscenti define themselves. Few truly stylish women now wish to dress head-to-toe in one instantly recognisable brand.

Instead, they prefer to adopt a magpie approach to fashion - a cardigan from one designer, a wonderfully cut pair of trousers from

another. They might buy a stunning sequined chiffon evening skirt by Elspeth Gibson and wear it with a plain black jacket that they already own.

Even the most purist of designers such as Giorgio Armani are astute enough to realise that women buy clothes to mix in with other items in their wardrobe and the art of dressing now is about looking individual.

The result is that designers and retailers are increasingly putting the emphasis on pieces - delicious stand-alone items, rather than ruthlessly co-ordinated,

matching skirt and jacket ensembles.

Whether it is a striped cashmere twinset from Lucien Pellat-Finot, an absolutely irresistible devoré chiffon dress by Basia Zarzycka or a little lacey cardigan from Colette Dinigan, the most tempting buys at the moment are items of clothing that you probably do not need, yet somehow can't stop yourself from buying.

Joan Burstein, owner of Browns in South Molton Street, London, says that she is "increasingly stocking lovely little pieces that

enhance and stimulate an existing wardrobe. Women who have spent a lot of money on a Jill Sander suit, for example, want to get mileage out of it and that means adding something attractive - such as a marvellous scarf or Pashmina shawl or maybe a Dosa shirt underneath - that makes them forget that they have had that suit for several seasons."

Significantly, the designer labels generating the biggest buzz at the moment are those specialising in divine, one-off items. Clements Ribeiro, Dries Van Noten, Elspeth Gibson, Stella McCartney for Chloe, are all designers specialising in irrefutable clothes that, at the same time, will blend in with more staple pieces.

Joan Burstein also names Sonia Rykiel as the ultimate "piece" designer. "She is often overlooked but does wonderful pieces - such as this season's marabou-trimmed jacket, which was a sell-out."

In addition to Browns,

shops such as A La Mode in Knightsbridge and Tokio, a small one-off shop in fashionable Brompton Cross, are the ultimate places in London for buying "pieces".

Tokio stocks unusual but stunning items by Clements Ribeiro, Martin Kidman - the ex-Joseph knitwear designer who makes little cardigans in delicious colours with an artisanal feel - Tocca, Elspeth Gibson and Keita Maruyama, a Japanese designer who makes delicately embroidered cardigans.

Manami Stoley, Tokio's owner, deliberately breaks the collections up on the rails, stocking clothes by colour, or in groups that will work together, rather than by designer name. "I don't think that people buy into a head-to-toe designer look any more. The reality is that most people mix and match their clothes, which is very much the philosophy of the shop," she says.

Josephine Turner, co-owner of A La Mode has also always subscribed to this

philosophy. "Fashion has become a lot more decorative and luxe recently but we have always bought collections in a different way from other stores, focusing on the very special pieces which are wonderful because of colour, decorative trim or beading."

The truth is we might still occasionally need a two-piece suit for the office. But the cleverest designers and retailers have realised

that it is pieces that catch the eye and make the pulse race, that leap most easily from the shop rail and into one's wardrobe.

It is also worth remembering that these are exactly the sorts of pieces that could have been designed with Christmas in mind - no need to think in terms of complete outfits. What woman would not be thrilled to wake up on the morning and find a Cath-

ryn Avison scarf, a cobwebby cardigan, a luscious wrap beneath the tree?

Most of the pieces sketched here would work well with most women's wardrobes - they would not be suitable for every occasion but for the special occasion, the evening out, to give new life to a dull working suit; all of these could earn their hefty price-tags many times over.

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FT Surveys



## HOW TO SPEND IT

## Jewellery

## Back to the glitter of the real thing

Put aside the fakes, says Lucia van der Post, this winter it is pavé diamonds and the glint of gold

Strange to think that just a few years ago real jewellery seemed on the way out. It wasn't just the makers of costume or faux jewellery who gloried in the fakiness - even the purveyors of real jewellery were often busy trying to make it look false. "So much more fun," they cried, as they piled on the cubic zirconium, the glass and the metal. Those who had real jewels to wear found it was frequently mistaken for a very clever buy from Butler & Wilson.

This winter, quiet luxe is back. Better real and small, seems to be the motto, than big and false - though few would say no to big and real. Real jewellery, it seems, is making a comeback. In fashionable London circles, even very young girls are sporting little crosses or stars of pavé diamonds and platinum or gold. Diamonds glitter at the earlobe - small but indubitably real.

If her tastes run to the traditionally glitzy, if she loves designer suits and lunching at The Caprice, then make her happy with one of Chanel's white gold star designs set with diamonds. You could get her some small star stud earrings for £1,690, or a small star pendant on a fine white gold chain for £1,770 (larger sizes available and very welcome, too). Available from Chanel's jewellery shop at 173 New Bond Street, London W1.

For eminently wearable jewellery that is real and has a touch of class about it, it's hard to beat Kiki McDonough. She has the knack of coming up with designs that can go happily from the school-run in the morning to a posh dinner party in the evening.

Perpetual best-sellers are her 18-carat gold earrings for every day, priced from £295 to £385. Almost any of the designs would go down a

**Sarginson uses pearls in pinks and greys as well as traditional creamy white**

bundle with any career woman. For something with more panache, which makes a bolder statement, there are her great twisted and looped strings of semi-precious stones - amethysts, iolite, citrines, tourmalines - at less than £1,000 a time. There is a mail order brochure but it's best to visit the shop at 77c Walton Street, London SW3, tel: 0171-581 1777.

More wearable jewellery, the sort of classic pieces that every chic wardrobe needs, can be found at Annabel Jones, 52 Beauchamp Place, London SW3 1NY - gold chains, three gold rings, ear-

rings and bracelets, elegant diamond and pearl drop earrings, as well as this year's favourite, the pavé-cut diamond cross.

For seriously pretty earrings, Louise Sinclair does a combination of aquamarine and South Sea pearl for £2,900 - find her at 160 Walton Street, London SW3.

Jane Sarginson uses freshwater pearls. South Sea pearls and unusual shapes and colours - pinks and greys as well as the traditional creamy whites - often set with coloured stones to bring out the colours of the pearls for necklaces, earrings and brooches combined with textured 18-carat gold.

Sarginson will make anything to order and her prices start at £900 for earrings, £2,000 for a necklace. Her work can sometimes be found at Garrard's in Regent Street, London W1 and sometimes in Hamilton & Inches, George Street, Edinburgh. Otherwise, for special orders contact her on 0171-607 9385.

Gobsmackingly big rings are still in vogue - they are elegantly done at Marina B, 174 New Bond Street, London W1 (prices around £1,100). Cheaper ones (under £100 but still with semi-precious stones) can be found at Debenhams stores. Paste jewellery is, strictly speaking, fake jewellery but in the past few years it has become so collectable you could be forgiven for thinking it was as valuable as

gold-dust. HRW Antiques has collected together a mouth-watering selection in the Antique Department on the 4th floor of Fortnum & Mason, Piccadilly, London W1. There are "diamond" and "sapphire" clips, brooches, bracelets and necklaces - in faux emeralds, diamonds, sapphires and rubies, almost all very wearable and at reasonable prices, with plenty to buy at less than £300.

For really original, one-off pieces, Susan Lennox has taken a collection of 18th- and early 19th-century Chinese kingfisher feather hair ornaments and incorporated them into stunning pendants, brooches and necklaces. These are not pieces for wearing with an everyday working suit, being dramatic and unusual, but they fit in perfectly with today's mood for Chinese-influenced embroideries and clothing. Prices start at about £600 for a brooch; something as intricate as the coral and antique kingfisher feather ornaments photographed here is about £4,000. Each piece is unique and a selection can be found at Anouska Hempel, 2 Pond Place, London SW3 and Ben Janssens, 2 Ryder Street, London W1.

On December 15, Sotheby's is holding an evening sale of small precious items, many of which would make terrific presents. Estimated prices start at £50, but anybody with slightly more to spend - say up to £500 - should have lots to choose from.

A row of cultured pearls with an amethyst and half-pearl clasp is estimated to go for between £200 and £250, an amazing aquamarine and diamond ring for between £250 and £300 and an emerald and diamond bar brooch for between £400 and £600.

The sale seems particularly good for those looking for rings but there are small objects as well. Sotheby's is at 34-36 New Bond Street, London W1A 2AA; a catalogue is available for £5 from catalogue subscriptions (0171-314 4444), while viewing is possible on Friday December 12 (9am to 4.30pm), Sunday 14 (noon to 4pm) and Monday 15 (9am to 6pm).

And if all these prices seem beyond you, there is some good news - quite the most cultish, most sought-after accessory of the moment is the bracelet made from guitar strings being sold at £28 in Summerill & Bishop at 100 Portland Road, London W11 1LE. A whole mass of them come packed into a very neat little tin (which could fit most handily into a stocking) and, of course, it is absolutely essential that you wear them all at the same time. Buy them by post for an extra £4.

From top:  
 □ Art Deco aquamarine and diamond brooch (c.1920), £900, from Hamilton & Inches, 87 George Street, Edinburgh EH2 3EY.  
 □ Antique Chinese kingfisher and coral necklace, £4,000, from Ben Janssens, 2 Ryder Street, London W1.  
 □ Tanzanite and diamond ring, £3,500; blue topaz ring, £260; ring with peridot and blue topaz, £285; all

from Kiki McDonough, 77c Walton Street, London SW3 2HT.  
 □ Leo De Vroomen's ravishing necklace of cabochon tourmalines in shades of green and amber mixed with South Sea pearls, £41,250, from Harrods' fine jewellery hall.  
 □ Jane Sarginson's pearl jewellery using freshwater pearls, South Sea pearls and coloured stones (mostly sapphires and rubies). Prices start at £800 for earrings, £2,000 for a

necklace. To order, telephone 0171-607 9385.  
 □ 1930s circular dress clip in lapis lazuli with a garland of paste with a bow, £215; 1940s large double-clip paste brooch set in silver with two high-mounted rhinestones, £255; early 20th century graduated oval faux amethyst bracelet set in silver, c.1910, £165; all from HRW Antiques at Fortnum & Mason, Piccadilly, London W1.

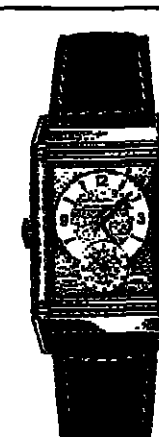
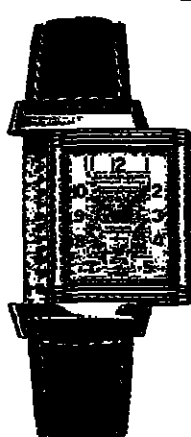
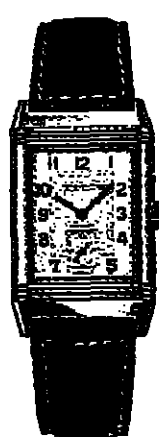
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السنة ١٤١٩



## HOW TO SPEND IT



Preparing for the ball: nowhere does high society meet high fashion in such sumptuous surroundings as at the annual Crillon Haute Couture Ball

## Fashion of higher society

Nicholas Woodsworth meets the debutantes before the great Parisian ball

There are two popular subjects that as an adult male I make assiduous attempts to steer clear of. One is high fashion, the other is high society. What Kate Moss wears in the Milan spring collections, or which of her bodyguards Stephanie de Monaco is consorting with, I tell myself, is no concern of mine.

And yet, quite unaccountably, I always fall the waiting-room test. When confronted at the doctor's or dentist's with piles of publications on motor cars, yachting and other manly topics, I invariably go for the glossy magazines instead; there, I gorge myself on royal gossip and the spectacle of improbably long limbs encased in costly and diaphanous materials. Such things are enough to make going to the dentist's a secret pleasure.

It was with some hesitation, then, that I finally came out of the closet last weekend and checked into the Hotel de Crillon in Paris. For here, assembled under one roof, were 24 gorgeous young women of impeccable social lineage about to model the work of 24 of the world's most prestigious fashion designers. Attended by *le tout Paris*, dining and dancing were to follow. Nowhere does high society meet high fashion in such sumptuous surroundings as at the annual Crillon Haute Couture Ball or, as it is more popularly known in France, *Le Bal des Debs*.

Debutantes' balls are, of course, British institutions, evolved long ago as a means of introducing well-born women into society and procuring the best possible marriage. That such a practice has survived in the UK —

albeit a shadow of its former self — is remarkable.

But at least it has some historical justification — Britain, for the time being anyway, remains a kingdom. That a *debs' ball* exists across the Channel, in a place where aristocratic heads were parted from aristocratic bodies 200 years ago, is more remarkable still.

What about the Terror? What about the sacred republican values of *liberté, égalité, fraternité*, I asked myself as I lay deep in a bubble bath at the Crillon studying the list of debutantes and their *cavaliers*, or escorts. Kildine de Sambucy de Sorgue... Hugo d'Apremont de Blauzy... Daphne de Montmarin... Cedrick Moriggi de Montmolin — the names were as rich and lustrous as the clothes they would be wearing.

But here was no terror as later, dinner-jacketed, I descended the Crillon's broad marble steps to the temporary make-up and dressing rooms established behind the hotel's *Cour d'Honneur*. What I found in its place, though, was a good deal of pre-ball nerves.

It is no easy job getting even the coolest and most hard-nosed of professional models ready for a haute couture fashion show. Preparing 24 butterfly-stomached young ladies of gentle birth is harder still. But here, in a great confusion of blow-dryers and hair clips and lacquer spray, of mascara and eyeliner and mirrors, of anxious young women in fluffy white robes submitting to a dozen different ministrations, three young debutantes already dressed in their haute couture outfits found time to chat with me.

Cordelia de Castellane, Charlotte-Amelie Daehn and Margot Poniatowski are friends — they all live in the chic 16th *arrondissement* of Paris, they all go to a private *lycée*, and they all belong to the Rallye Bourbon Busset. *Rallies* are to *la bonne société* of Paris what youth clubs are to more ordinary folk. Bridge playing, country walks and social get-togethers with young men are all fine things, they told me. But nothing their *rallies* had to offer beat a *grande soirée* like this.

Were they looking for husbands at this evening's ball? I asked. They glanced at each other and broke into a storm of laughter. Of course they were not looking for husbands, they said, as if I had come from another planet. This was 1997. They were looking for fun.

But elegant fun, nonetheless. Cordelia de Castellane, dressed in a strapless silk taffeta gown of beige and pastel checks, said she was not new to haute couture — she had worn another gown, also by Ungaro, at the wedding of her sister to Prince Pierre d'Arenberg at Versailles. Perhaps I had read of it, she politely inquired. Not having been to the dentist for some time, I was forced to admit I had not.

No matter, she said. The great challenge for her, as it was for all the girls at the ball, was to fit into haute couture gowns designed for professional models. And, indeed, from close quarters, surrounded by 24 females in various states of *deshabillé*, I could see that to take part in the Crillon ball, it is not enough to be well-connected.

Which they duly did. Out in the main reception hall, a brilliant expanse of mirrors and crystal chandeliers and polished marble, some 300 arriving guests were formally announced. Trays of champagne circulated. Chantal de France, daughter of the Comte de Paris, pretender to the French throne, was greeted by a barrage of camera flashes. Preliminaries over, the guests seated, the parade of *debs* began.

You need to be well-shaped and as tall, light and leggy as those ephemeral creatures that stride the catwalks for a living. In short, you have to have it all.

Margot Poniatowski is only 16 and still has the face of a child, but in her red tulle, ruby-sequined gown by Jean-Louis Scherrer, she had it all. Charlotte-Amelie Daehn is also 16, but in Dominique Sirop's sleek black long *crêpe* skirt, with exposed midriff and embroidered broken mirror top, she most definitely had it all, too. Although she was still a little uncertain on her high heels, she felt like a princess for a night, she told me.

And what of the real Princess, Tamara Czartoryski-Borbon? I found blonde-haired Princess Tamara, whose grandmother is the aunt of Juan Carlos of Spain, sitting rather delicately on the edge of her seat and breathing shallowly. She loved her Vivienne Westwood robe, she said, flouncing the silk tulle leopard-print dress that flowed voluminously from her corseted waist. The only constraint, she said, was the corset itself — it had taken three people to draw its laces tight. Never mind, she said stoically. For Ms Westwood, she was prepared to make any sacrifice.

The day drew in. *Debs* smoked cigarettes with practised gestures, sipped the Crillon's superb hot chocolate from thin china, practised one-two-three, one-two-three waltzes about the floor, and waited nervously for their *cavaliers* and magic hour to arrive.

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## Don't take the Mickey

Holly Finn visits San Francisco's Mouse Couture II

Picture Audrey Hepburn having Breakfast at Tiffany's, back to the camera in the night before's still-perfect black dress.

Now picture her two inches tall. The dress is the same, but she has morphed into a furry toy mouse.

You're not playing parlour-game Kafka, you're getting a glimpse of the display cases, donated by Tiffany, at *Helpers Homes Bazaar* in San Francisco. They are now showing *Mouse Couture II*, definitive proof that style has nothing to do with size or species.

The theme this year is Audrey Hepburn. The toy mice are dressed in mini-versions of Holly Golightly's tuxedo shirt and eye-lash curling night mask, in the big-brimmed hat with alligator shoes and purse she wore to visit Sally Tomato; in *Funny Face*'s red Italian silk satin gown and the white shantung pants suit with double-ribbed straw hat she wore fishing. Givenchy never looked so good or came so cheap: \$500 for each outfit (mouse included).

These well-dressed critters are wacky, and worth it. Inspired by Joy Bianchi, who has run *Helpers Homes Bazaar* for nearly 30 years, they were hand-sewn by the seven mentally retarded residents she helps care for at their nearby home.

"We used to make octopus-out-of-yarn dolls, that sort of thing," says Bianchi. But four years ago, she had an altruistic revelation in the most unlikely spot: 57th Street and Fifth Avenue in Manhattan.

Just outside Tiffany, she thought, "People are afraid of mice and people are afraid of the mentally retarded." Her mission: "Have the designers dress the mice." And she did.

Apart from this year's Givenchy mice, there is a growing permanent collection of mice dressed by everyone from Bill Blass to

Vera Wang. Wearing a Christmas tree ornaments, which range from Ludwig Bemelmans' "Madeleine" in her red hat (\$14.95), to "Jo" from *Little Women* (\$35.93), to "Marlene Dietrich" in a black double organza skirt, swish black feathered hat and diamond ring (\$250).

The second day I visited, a couple from Denver was in the shop on their annual pilgrimage, buying "Princess Diane" this time, dressed in yellow velvet (\$49.95).

Seven hundred chic San Franciscans showed up at the holiday party in November. They come year after year to buy mice, as well as the other intricately hand-sewn animals, including hedgehogs (\$29.95), frogs (\$37), which equates to about 750 hours of work, and caravan camels with gold bullion accents (\$750).

They talk to Jeannie or Kathy, two of the *Helpers* residents who work in the shop, and leave laden with the handiwork. Which is how the best-dressed trees in the city come to be mice-infested.

"All the luxury stores know Joy," says Wes Carroll, general manager of Cartier in San Francisco. He made the Cartier "Mousecattara" (faux diamonds with mice peeking through the crown's curves) himself. Ken Moore at Bulgari, which has also contributed a mouse, donates his old crocodile belts, which are snipped up and made into bridle bits for ornament horses. "I've given them to my most exacting clients," he says.

How delighted Holly Golightly would have been if she had started her day at Tiffany's Christmas windows in San Francisco and seen the "Mousestronauts", toy mice dressed in silver and white space suits, clambering about the jewels. She'd have beaten not just the blues but the mean reds, too.

■ *Helpers Homes Bazaar*, San Francisco (415) 387 3031.

Manolo Blahnik is represented by a pair of sleek spiky satin shoes, identical to those he designed for Bianchi after she had broken her hip and was told she would never walk on heels again, only here they have mice adorning the front.

The permanent collection mice are not for sale but there are others, designed as

Oscar de la Renta, mouse-style

Mischka "Camilla Mouse" which is just a little busty, and a Louis Vuitton mouse in convertible red Mercedes with miniature valises thrown in the back seat.

Rodents, more than royalty, seem to bring out the best in designers. James Purcell chose a bright plaid skirt for his mouse so the *Helpers* Homes residents could enjoy the neon ice-cream colours.

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## GARDENING

## Let others do half the work

Chrysanthemums are not as much trouble as you might have expected, says Robin Lane Fox

I'm glad to say that we can once again call chrysanthemums chrysanthemums. The botanical powers have moderated their pedantry and have climbed down from their attempt to make us call the family Dendranthemum. Public outcry was such that the truce was announced in the autumn. Chrysanthemums are, therefore, correct and we can continue as if nothing had happened.

In cooking, conversation and gardening, ours is the age of the short cut which allows us to bluff and catch up with the experts without the accompanying expertise. Rooted chrysanthemum cuttings are the pre-made pastures of the 1990s. There is no need to store the skeletons of old plants in cold frames all winter or to worry too much about digging out the root stocks before the frost.

If you want to join the party in late spring, specialist nurseries will help. Half

the chore has been taken out of chrysanthemums, just as it is taken out of all those bedding plants which we buy in May from other people's plastic tunnels.

Early next year, you can apply to specialist firms for a specialised list of cuttings for spring delivery. Rileys, at Alfreton Nurseries, Woolly Moor, Derbyshire, has the widest list. Halls of Heddon, Heddon on the Wall, Newcastle upon Tyne, Northumberland, also supplies an excellent range of dahlias from cuttings; you can order both at once. The chrysanthemum cuttings are very cheap, averaging 85p each, and if ordered in February, you will receive them ready-rooted in mid-April, whereupon you can pot them up in any good compost.

Though they will survive a very slight frost, on arrival they should go into a cool greenhouse or conservatory. It is great fun watching their single stems grow away, but the healthy green leaves are

irresistible to greenfly and leaf miners. Spray them with Tumblebug as a precaution until they can go out during the week after May 15.

This year I left my mail-ordered plants indoors for slightly too long and found they were already becoming too tall by late May. They were then planted out in the ground, into which I had forked a dressing of fish, blood and bone. The experts recommend Eclipse Semi-Organic Fertiliser at 4oz to the square yard, 10 days before planting out, and next year I will follow their advice.

After planting, the single stems need to be stopped. This merely involves the removal of the growing tip on the stem, about the upper half inch of growth. It is essential because it induces your plant to throw out side shoots from its pairs of leaves, each of which will flower in turn.

In the north of England, May 10 is a good general date for this pleasant task,

whereas the south can wait until a fortnight later.

The choice of varieties from Rileys and Halls is enormous, but I returned to the family this year through the smaller flowered varieties which will flower outdoors through September and October, with a few plants as a prelude in August. All the Pennine range were outstandingly good, from the large Pennine Snow with white reflexed flowers to Pennine Wine which was a wine-red, flowering early in sprays.

The catalogues guide you to the hardy varieties which do not need to be potted and carried indoors for November displays. My choice meant that my season ended with the serious stamens in late October, but it also meant that it began, to my surprise, in late July.

I found myself picking the first flowers on the Pamela range from Halls of Heddon

as early as late July. Golden Pamela is a winner, as is Pamela and any others of her children whom you encounter. The flowers are slightly unweaving when you see them so early on bushes among dwarf French beans, but they are wonderful when cut and taken promptly indoors.

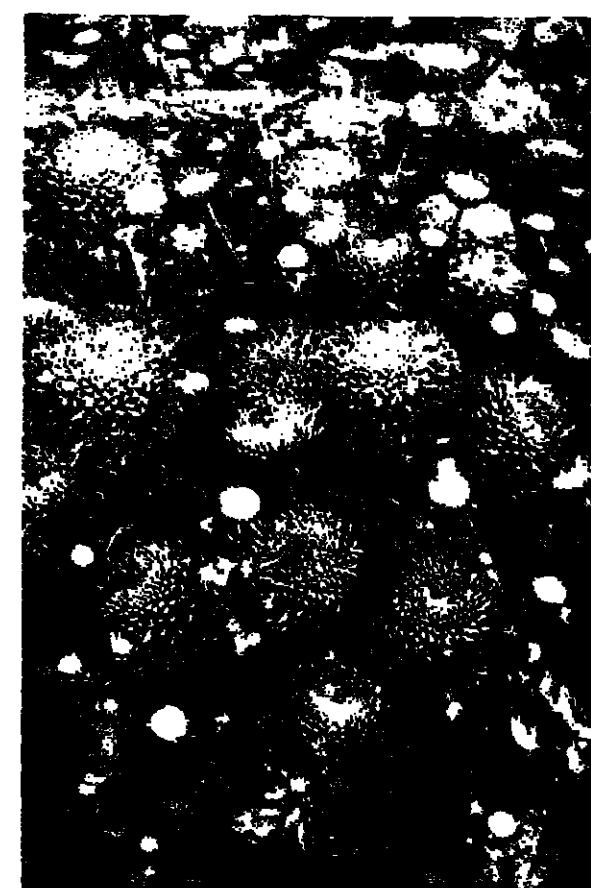
The plants did not like the dry summer, but they received almost no attention apart from a helpful spraying with liquid Phostrogen until colour began to show in their buds. I gained unmerited credit for having grown a crop worthy of exhibiting. I felt a glow at standing on equal terms with yesterday's working men's horticultural clubs.

So warm was the glow that I nearly forgot to cut the plants down to a few inches of stem and lift them all, shaking off the earth and reducing them to those old root-stocks, which the working men's pamphlets still call "stools".

The job has just been done, putting stools in boxes of slightly damp compost and storing them under greenhouse staging until growth begins next February. During this period, it is most important not to water the plants regularly. They must not be wet or even moderately damp, as this condition will damage and probably kill them.

I like these short cuts, by which we buy into experts' crops at a convenient stage when they have done the storage and the early work.

Life is ever busier and, as in the kitchen, so in the flower bed, it is fun to join the process halfway through, if necessary starting each year afresh without feeling guilty if last year's stocks somehow fail to make it unscathed through the winter. At 85p a plant, chrysanthemums will not exactly break the bank and they no longer need to break our backs if we choose and time our efforts carefully.



Chrysanthemum Pennine Wine: pick off the growing stem to produce masses of flowering side shoots

## Book Reviews

## Shepherd of the garden's ecosystem

What is a "magical" plant? Michael Jordan, tells a graphic story of one contender from wartime London. During the blitz many big lumber stacks had to be covered with tarpaulin because they were glowing brightly with, it was believed, a luminous fungus. In fact, Jordan points out, the glow was probably as much the result of contamination from German phosphorus bombs.

But it isn't often that he gives his stories such illuminating social background. *Plants of Mystery and Magic* is mostly an indiscriminate catalogue of the legends and beliefs that have attached to some 60-odd chiefly native plants over the past 2,000 years: stinging nettles brought to Britain by the Romans for invigorating self-flagellation, the power of fern spores to divine treasure; holly trees used as lightning conductors. Intriguing stuff – except the author makes no effort to provide sources, explanations, historical contexts nor, maddeningly, to differentiate silly hearsay from solid anthropology.

As a consequence, a recipe for

heather beer is put on the same footing as a piece of etymological nonsense about the word heather being derived from "heathen" by Christian missionaries.

I fear this book may have been put together in a popular modern botanical ritual making random potpourris of snippets – a bit of Elton, a few Anglo-Saxon spells, and plenty from Elizabethan herbals and Victorian vicars' highly censored florae.

Another route to the magic of plants (which Jordan does touch on in his introduction) is to explore the common ground between humans and plants, what we share in terms of growth, unpredictability, ingenuity, seasonal and territorial sensitivity.

In that sense, Geoffrey Dutton is a shaman who has conjured his nine acres of wild Scottish hillside into a philosophical plot which debates the difference between wildness and cultivation.

tion, between purposeful work and Zen passivity – going with the grain.

The key idea that shapes everything he does is marginality. His estate of gorges, wild water, caves, forest, moorland and shattered rock marked in an extreme climate is about as topographically marginal as it is possible to be. So is Dutton's gardening style, which by choice and necessity is "unobtrusive": a guiding of the latent design, a prolonged consultation with the genius of the place.

Much of the time he works like a woodland creature himself nudging sticks and stones and tufts of anemones about, ruffling moss, mowing small glades as if he were a grazing deer. Then, fully aware of the philosophical paradox of creating a wild garden, clips evergreens as furiously as any topiast.

The book is arranged as a

series of seasonal chapters (seven sub-seasons as it happens), and his array of plants is so stupendous that you need some stamina for the tour. But the catalogue notes are electrifying, as vivid and renewing in their vision and

**'The bowls of its umbels gaze at the sun through a Heathrow of bluebottles'**

language as anything by his hero E. A. Bowles. Listen to him on the most reviled giant hogweed: "The huge radar bowls of its umbels gaze at the sun through a Heathrow of bluebottles... Leaves grumble for many years,

elbowing their [fortunately dissected] encumbrances all over the vicinity... until one year the creature gathers all, takes a deep breath, and launches upward."

Dutton is best on these big, structural features that link the garden with the wild land outside, and therefore good on the stark architecture of water. He likens walking among his leafless, olive-trunked ash to aspen to "visiting a stable" – "all those haunches to be slapped as you walk down the line".

Then one morning the cold eases, and he celebrates the thaw as if it were a kind of watery flowering. "Plants stretch audibly, the taller jumpers sighing, pushing back their coffin lids, shaking free their clots of cold jelly... pines emerge sheepishly stiff with cramp, needles jammed together, as if pulled out of bed without warning".

Dutton's garden aesthetic is in

the end about process (or "incident" as he calls it) rather than purely static forms. This is how (to his own satisfaction, anyway) he reconciles *laissez faire* with autocratic attacks with spray and trap and any insect and animal that disrupts his vision.

He is a kind of monkish beaver, part of the garden ecosystem, and determined to defend it: "Plants in this kind of garden, like the ewes beyond the fence, know their own hill best and you are very much a shepherd, to help them in crisis, encourage them here and there but never to drive them overmuch."

**Plants of Mystery and Magic** by Michael Jordan, Blandford, 128pp, £18.99. **Some Branch Against the Sky, the Practice and Principles of Marginal Gardening** by Geoffrey Dutton, David and Charles, 191pp, £16.99.

Richard Mabey

Leslie Thomson writes: The *Bonsai Survival Manual* (by Colin Lewis, Cresset, 199pp, £16.99, hb; £12.99 pb) is a handsome book for a coffee table. Closer inspection reveals that it is also a readable and detailed textbook on every aspect of bonsai care, highly practical and free from metaphysical jargon. The results to be aimed for, when to buy, training and care are all fully covered. A wide selection of species is beautifully illustrated. Indeed, the lovely little trees shown should go far towards convincing doubters that no cruelty is involved.

The author assumes that the bonsai will be bought from commercial sources, but a note on the satisfaction of collecting and training wild seedlings would be welcome.

Similarly miniature is the BBC Gardeners' World series of "Pocket Plants" books. At 3in x 4in, and delightfully thin, they are nevertheless useful sources of inspiration. Written by Andi Clevely, subjects covered are *Plants for Shade*, *Fuchsias*, *Shrub Roses*, *Herbs*, *House Plants* and *Winter Colour*. £1.99 each.

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**Development Preview 1998**  
Saturday, January 17

A 12 page property supplement is scheduled to appear on January 17th 1998. As an exclusive market place for international developments this issue will provide an exciting outlook to the new developments on the market in the New Year.

Editorial topics will include London, Liverpool, Manchester, Leeds and Harrogate, as well as prestigious international sites.

For further information regarding the supplement, please contact the Property team:

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Tel: +44 171 873 4744  
or Louise Hawker  
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## PROPERTY

The Royal Westmoreland golf course and residential scheme in Barbados, which opened three years ago this month, is the biggest advance for two generations in the island's history as a luxury resort.

The first developments came before and after the second world war with a few British-built sybaritic villas on the poor land by the lovely west coast (where the slaves working the sugar plantations lived after emancipation in 1834).

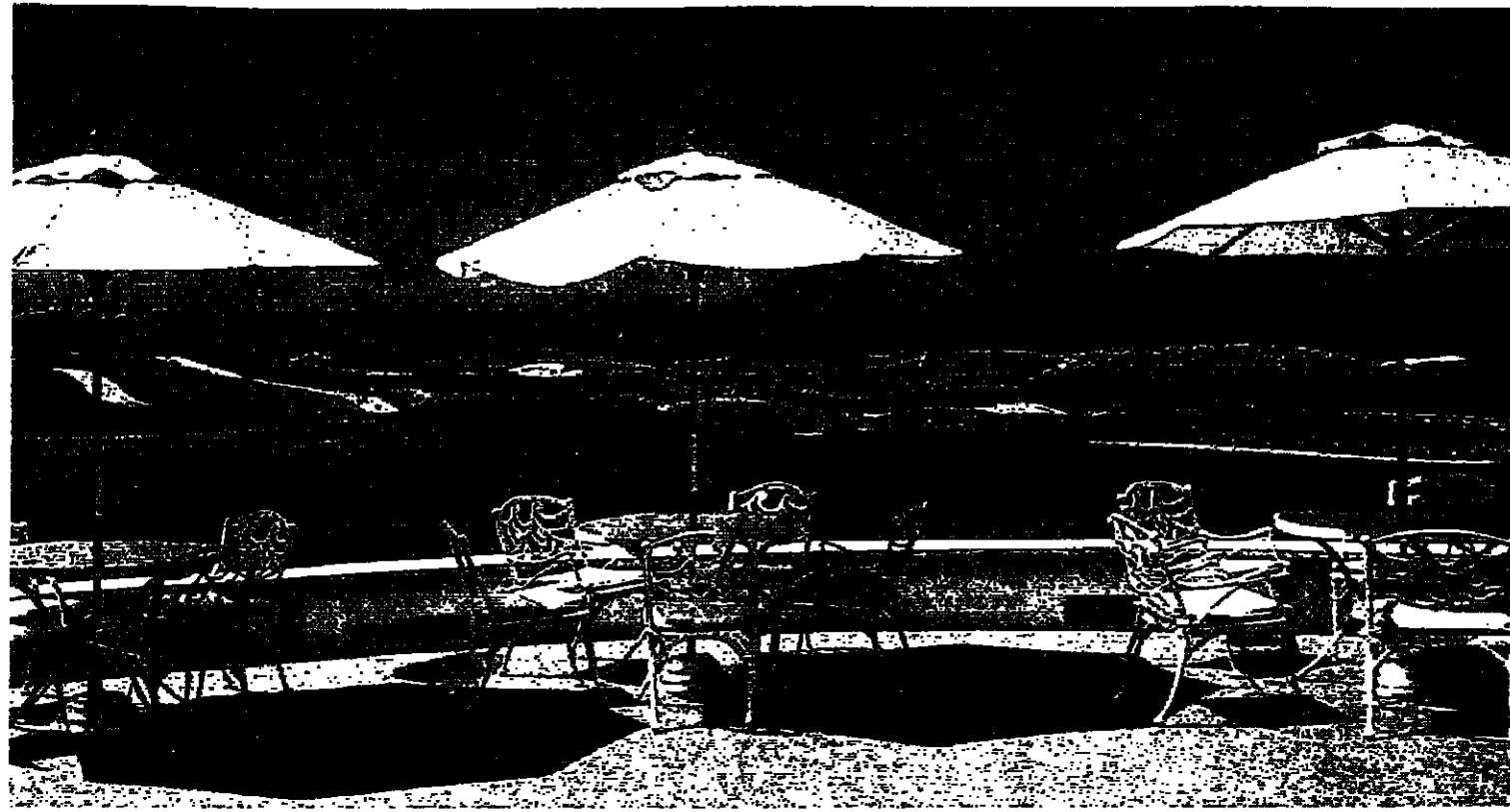
Thus, they brought Barbados's gold coast into being. Among these 20th century settlers, who were mostly escaping punitive UK income tax, was Sir Ronald Tree who turned a property called Sandy Lane, straddling the Bridgetown to Speightstown coast road, into a famous beach hotel, golf course and villas.

The Barbados high season starts in December. It is not cheap. Concorde flies there in the winter for its only scheduled destination outside New York - sometimes you see three on the ground at Barbados airport. And rents for a villa rise to \$7,000 a night, including service but not food and drink (which are also expensive, except for local produce and fish).

But Barbados is worth the cost. It is a beautiful island, with bright beaches of coral sand fringed by palms and mahogany trees. The sea is limpid, while the fresh water filters naturally through the island's coralstone, and is delicious to drink.

A north-south ridge runs down the island, separating the Atlantic side, with its cooling easterly trade winds, from the warm Caribbean gold coast side, where the sea is calmer.

It is a blessed life. The Bajans (Barbadians) love cricket - the coming Test match at the Bridgetown Oval sold out long ago. Their children turn out smartly for school and church and crime is low. Anglicans predominate. "It is a God-fearing place," I was told several times. Medicine is good, and literacy high. Bajans in the UK now send their children back to Barbados for school. It is easy to see why Barbados appeals to British owners. Even so, many go



Royal Westmoreland heads for the hills: what was once sugar land is now one of the world's most handsome golf courses

## Planters' luxury punch

Gerald Cadogan recalls the history of resorts on the island of Barbados

there on holiday for years before they decide to buy, says Graeme Grant, of Royal Westmoreland (RW).

Buyers face one big difficulty. On the west coast, few houses are for sale and there is hardly a plot to be had. Martyn Arbib, founder of Perpetual fund managers, has resolved the problem by buying and knocking down three houses to make a decent-sized home in Barbados, at a cost of millions of dollars. Rumours fly on just how many.

The alternative is to go inland and uphill as the RW scheme has wisely done. It has 490 rolling acres that used to be sugar land and are now one of the world's most handsome golf courses.

Houses with a view across the course down to the sea are much sought-after. And being high means you catch the cooling trade winds, as the 17th century British settlers realised when they set their plantation houses up in the hills. RW has been excel-

lent for the whole Barbados market, says John Kidd owner of Holders, an old plantation house (on Realtors' list of properties for sale, with a guide price of \$5m), and creator of the Holders Festival, at which steel bands play together with symphony orchestras.

**Can the good times last? Or will there be controls on foreign ownership?**

RW shows that the shoreline is not the only smart place to be, and its huge investment in Barbados creates confidence - and jobs.

This gives the background to plans to revitalise nearby Sandy Lane, now owned by an Irish group, which will rebuild the hotel, revamp

the golf facilities and build some exclusive houses for sale by invitation only, says Paul Altman of agent Alleyne, Aguilár & Altman. He believes the two estates will be complementary.

The RW houses are well designed in cool white, grey and light brown, to contrast with the brilliantly colourful tropical plants. Ceilings are high with fans; air conditioning is only in bedrooms. The scheme is smart, quiet and relaxing, and the houses are placed sensibly on the upper part of the estate.

Demand for larger lots from the British Isles and Canada, and some locals, means that the original tally of houses has been cut from 320 to 280.

"Our owners like it so much that once they have tasted life at RW they are upgrading to larger houses," says Julian Rooney of RW.

"The average price is now \$1m." Properties start at \$500,000 and go up to \$5m or more. All prices are in US

dollars and are exempt from the usual 10 per cent tax that property buyers in Barbados have to pay.

RW handles resales and also lettings, which allow tenants to use club facilities and play golf at members' guest rates, and enjoy the full-length pools.

North of RW is Port St Charles, another important scheme as it is Barbados's first marina. For those who want to be on the water, it has 125 units. Here, too, buyers benefit from the tax exemption and do not have to pay duty on their boat. Prices vary from \$400,000 to \$1.8m (through Port St Charles or Harry Manning, or, in the UK, Humberts). Buyers come from Britain, Canada and Switzerland, and two from the US.

RW, however, has no US buyers as yet.

Away from these two developments, houses are for sale at the Sandy Lane golf course, including Half Moon House from AAA (\$3.85m),

and Tial-ta from Harry Manning (\$2m).

Among Bajan "great houses" (plantation houses) AAA and Realtors list the Bulkeley, dating from 1635, at \$2m, and AAA lists Oughterson at \$425,000 (plus \$175,000 for the furniture and \$150,000 for its zoo animals) and Eathersall, from 1647, at \$875,000.

Can the good times last? Or will the Barbados government one day introduce controls on foreign ownership, as happened in the Channel Islands? "If it does," says Kidd, "the value of all existing foreign properties will go yet higher." If you are thinking of buying, buy soon is the implication.

**In Barbados (Code 001-246): Alleyne, Aguilár & Altman, 432-0840; Harry Manning, 424-2661; Port St Charles, 422-1800; Realtors, 432-6930; Royal Westmoreland, 422-4653 (and in London, 0171-355 5028). In London: Humberts, 0171-629 0908.**

## On the Move / Anne Spackman

### The 'reduced' signs go up

The word "reduced" is starting to appear on property adverts in London and the south-east, as over-optimistic sellers adjust to the market mood.

The "reduced" signs do not mean that property prices are falling: simply that sellers who had anticipated an extra 10 or 15 per cent increase in value since the summer, have been disappointed.

Similarly, some agents selling new developments in London have been told to cut asking prices to this spring's levels. Developers had been increasing prices by a few thousand pounds a week when the market was at its most bullish.

After the huge price increases in the south-east during the last 18 months, the property market across the country is showing signs of levelling out. In the latest monthly report by the Royal Institution of Chartered Surveyors, 60 per cent of agents nationally reported that prices were stable.

A summer of strong sales has emptied many agents' cupboards. Where prices have risen strongly, more houses are coming up for sale, but elsewhere, instructions are at record low levels. Fewer buyers mean this has not resulted in strong price rises.

The exception is for the best quality properties. A good house in a good location will still sell fast, for a high price, with stiff competition among buyers. The polarisation of the market between the best and the rest looks set to continue.

David Fursdon of Stags in Exeter, summed up the mood: "In comparison to the hectic first and second quarters of 1997, the last three months have seen a swing in the balance between supply and demand with more houses coming to the market and less competition between buyers, for all but the best houses. The number of houses sold is broadly the

same but buyers are more price conscious."

### Communal life

When Oliver and Rosie Wates and a group of friends bought a cluster of run-down properties in Limehouse in Docklands in 1978, they were only marginally more comfortable than the squat they left behind. The main house had originally been a training hostel for sea cadets, then later used as offices. The legacy was a swimming pool in the basement, shallow enough for cadets to stand up in.

With Limehouse still a pioneering destination, they paid £52,000 for two houses, a garden and a chapel. "People behaved as though



Friendly home: 4a Newell St

we had moved to the Amazon basin," recalls Rosie.

The group of friends transferred their communal lifestyle, as far as property law allowed, sharing the freehold of the entire scheme, the pool and the garden. The property itself was divided into six homes, of different shapes and sizes.

Limehouse is a major Docklands residential area, with new blocks of flats going up all along the river. The Wates' home offers the large spaces which Docklands buyers so often want and cannot find, but in a Georgian building, rather than a converted warehouse.

Their stylish two floors are arranged as an enormous kitchen/family/dining area, two bedrooms and a reception room. The flat is for sale through Knight Frank's Docklands office (0171-480 6848) for £295,000.

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## TRAVEL

## Finding courage in the wilderness

Nicholas Woodsworth returns to Canada, land of his birth, to see if he can cut the mustard as an intrepid adventurer in the great outdoors. In the first of three articles, he visits Saguenay Fiord

From an old wooden aircraft hangar on the edge of a frost-heaved highway, Etienne Gallant looks left and right for on-coming traffic. Then he takes our little Cessna across the road and on to an air-strip backed from the Canadian forest. Gallant, God willing, is about to show me the Saguenay Fiord from the air.

Gallant is a cheerful French-Canadian bush-pilot, and shows no concern at all about hurling himself daily into the skies over the boundless evergreen forests of the north. I, on the other hand, am an angst-filled, earth-bound suburbanite. Just once a year I dare myself to climb to tree-top level to decorate my living-room Christmas tree, and even then it is a nerve-racking ascent.

But it is too late for second thoughts now. The engine

**Gauged from the rock by the pressure of a glacier, it is a child of the Ice Age**

roars, the aluminium frame of the little aircraft shakes and rattles, and the painted stripes marking the edge of the air-field begin rushing past. The ground falls away, and we are in the air.

First, there is the village of Grandes-Bergeronnes, its church steeple protruding above everything else. Then there is the highway, tiny cars shuttling along a narrow band of grey far below. And then there is nothing at all, save the great, rolling green sea of trees that stretches away to the Arctic.

So when, 15 minutes later, the Saguenay Fiord suddenly opens up beneath us, it is a surprise. All of 85 miles long, a mile wide and 900ft deep in places, it is too large to have come here by chance. Yet its plunging cliff-sides of bare rock, its deep blue waters, its sinuous, winding course are so dramatically different from the uniformity of the surrounding bush it all seems an accident of geography.

But the Saguenay is no product of happenstance. As we bank heart-shudderingly left and right, following its twists and turns 1,500ft below us, Gallant describes the fiord's birth to me over crackling headphones.

Gauged from the living rock by the pressure of a vast and slowly advancing

glacier, the Saguenay is a child of the last Ice Age. Home to fur-trapping Indians for thousands of years, it was pioneered by French-Canadian settlers only in the middle of last century.

Today, just three hours' drive up the St Lawrence River from the sophistication of Quebec City, it remains largely undeveloped, the home of spectacular landscapes, a hardy outdoors people, and a curious array of wildlife.

I listen, white-knuckled, as Gallant talks. At the same time, I am gazing down at Anse-de-Roches, a tiny cove below us. There are coloured rooftops there, a little harbour, a few anchored boats dancing on a wind blowing up the fiord. From up here it looks comforting, cosy, intimate. More than anything else, well-anchored to the ground, it looks safe.

A few hours later I have moved my little VW camping van on to the wharf at Anse-de-Roches. I am no more a mariner than an aviator, but from the wharf the tide that climbs 15ft up the fiord's rocky walls looks none too gentle. It ebbs and flows through the narrow Saguenay at a wicked seven knots, swirling, gurgling and sucking at the rocks as it goes.

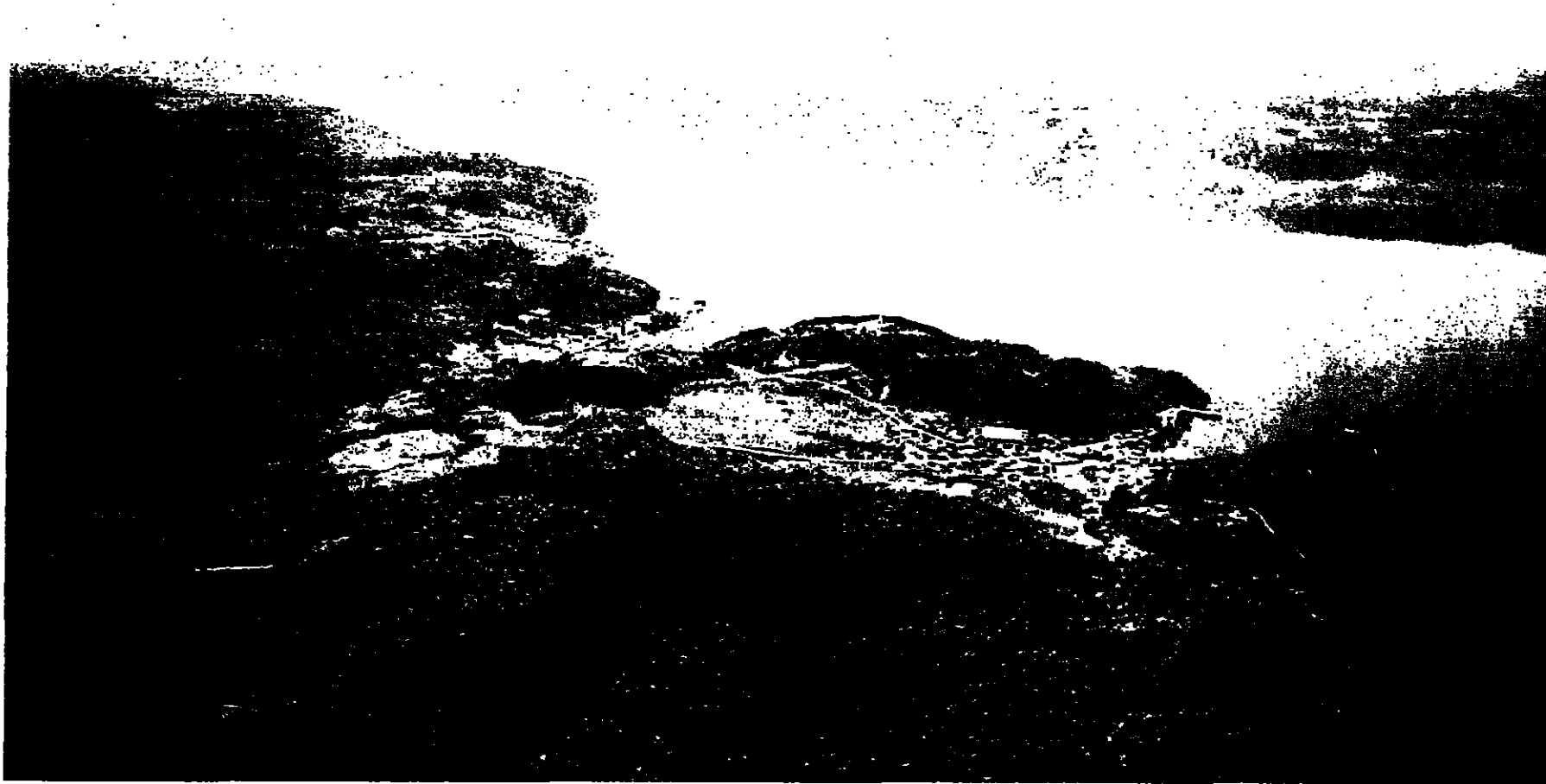
Yet out there I can see the graceful, narrow shape of sea-kayaks. Before I have time to scare myself off the idea altogether, I have joined kayaking guide Yves Tremblay on the fiord.

The water is cold on my fingers - just 10°C - as I clumsily dip the double-ended paddle from side to side and my craft moves inexactly forward, followed by a curious seal. But it is not nearly as cold as the waters that flow far beneath our hulls, Tremblay says.

The Saguenay is, in effect, two bodies of water - a thin layer of fresh water that sits on the surface, and a much deeper, near-freezing layer of salt-water that slides beneath it. Deep down are strange northern denizens - Arctic cod, clouds of pink shrimp, prowling Greenland sharks.

And what of the fiord's strangest inhabitant, the improbable, hallucinatory, white-as-a-ghost Beluga whale? They are friendly, Tremblay assures me. Kayakers often come upon them as they bask lazily on the surface. Yachts navigate blithely among them. They even thrill land-bound observers on the shores of the St Lawrence estuary, the river estuary on the fiord believed to be their breeding grounds.

One morning, securely



Saguenay River: gauged from the living rock by the pressure of a vast and slowly advancing glacier, the Saguenay is a child of the last Ice Age

ensconced on the terra firma of the estuary's banks, I spy a man poling his way up the Sainte Marguerite River in a cedar-strip canoe. He tells me he is after sea-trout, the species which lives in the ocean but swims up the river of its birth to spawn.

Salmon, I know, do the same. Are there salmon around here, too, I ask him. In answer, he only laughs, points upstream, and holds his hands in front of him about 3ft apart.

It sounds like a fisher-

man's tale. But in the afternoon I find myself sitting open-mouthed by the Sainte Marguerite in the little fishing resort of Bardsville. For, taking its leisure in a bit of shade, is a monstrous Atlantic salmon.

It weighs at least 30lb, Marie-Claude Landry tells me. Landry is that rarest of things, a female trout-fishing guide. Like all women in traditionally male domains, she is extremely good at her job. She has to be, for she has me, a rank newcomer to the

sophisticated art of fly-fishing, as her client. For an hour we talk wet salmon flies, dry salmon flies and salmon psychology.

Far from any water, she has me practise again the cast that looks so easy and graceful when performed by experts. Finally, with waders on my legs, a bright yellow fly on my line and my heart in my mouth, I take to the river.

I end the day, of course, fishless. I catch empty air, the branches of the tree

behind me, submerged logs, everything but a monstrous Atlantic salmon. Despite Landry's encouragement that fly-fishing is sport one grows slowly into, I remove myself from the river feeling something of a failure.

It does not last long. At sunset, I am still on the river at Les Chutes Blanches, the White Falls. Here, at the bottom of a thundering 40ft high cataract, I sit watching big hook-nosed salmon rocket 10, 12, even 15ft into the air, only to come crash-

ing downwards with the force of the stream. It is breathtaking, noble and nearly hopeless.

I feel like a Canadian Robert the Bruce. I have not been a very intrepid fiord adventurer. In the air, I am a blanché-faced flyer. In the water, I am a fearful boater. Even on solid land, I am a failed fisherman.

But these silver, soaring salmon give me courage. If they can take on the Saguenay's challenges despite the odds, then so, too, can I - in

fact, it has all been fun.

I take heart, and decide to trek the hiking path that follows the fiord's rim. Humming a little tune, I make my way back to Anse-de-Roches with something of a north woodsman's swagger in my stride.

Information on the Saguenay Fiord may be obtained from Tourisme Cote Nord, 197 Des Pionniers, Tadoussac, Quebec G0T 2A0. Tel: 00 1 418 235 4744, fax 418 235 4584.

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## Yoof culture

New York City is younger than you think. It was not until January 1 1898 that 40 local governments were consolidated to create the modern city, which will thus be celebrating its centenary next year.

For a town which is a monument to modernism, it has managed to preserve its heritage remarkably well.

There are more than 21,000 protected "landmark" buildings - all the ones you can think of, along with the interior of Gage and Tolner, a Brooklyn restaurant still lit by 1880s gas lights, as well as Brooklyn Bridge, Central Park and the colonial street plan of lower Manhattan.

It can be tricky being a landmark. When the luxury Pierre hotel on 81st St recently replaced its copper roof, which had turned green with age and sprung leaks, there was pressure for the bright new replacement to be coloured green as well. (The pressure was resisted, and the new roof is ageing naturally.)

Visitors who want to check out New York architecture should try the Municipal Art Society on 457 Madison Ave (at 51st St; call +1 212 935 3800), which offers

walking tours stressing preservation and urban design and planning.

To look at the social history of the city, do not miss the Museum of the City of New York at 1220 5th Ave (by 104th St), a collection of paintings and photos, furniture, clothing, memorabilia and knick-knacks going back to the town's days as New Amsterdam.

Many of them are recorded in *Our Town* (Abrams, £29.95), newly published for the museum's own 75th birthday, along with reminiscences of childhood in the city and sturdy defences of its reputation against upstart Los Angeles.

But the best 100th birthday present of all is the least expected, and one every visitor can share. After a massive revitalisation of the once seedy Times Square area and the instigation of a widely publicised "zero tolerance" police programme against petty crime, New York is now ranked as the safest of the big US cities.

For tourist information, try the New York Convention and Visitors Bureau at 2 Columbus Circle, or call +1 212 484 1200.

John Westbrooke

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## FOOD AND DRINK

# Dramatic, tense and nervy, sinewy, suave and Red

Jancis Robinson's two-part list of seasonal wine recommendations starts this week - watch out for burgundies that won't break the bank

**M**édoc which taste like Chilean Cabernets, Cabernets which seem to come from the Napa Valley, and Syrahs aplenty to challenge the Rhône. The following is your guide in an increasingly confusing wine world.

## LANGUEDOC

Still source of some of the best wine value in the world; hand-crafted wines marked by passion and geography. See also any wine labelled Pic St Loup, virtually any Costières de Nîmes, and Gellon Castle's list (01555-503012).

Ch de Nages 1996 Costières de Nîmes, \$4.99, Oddbins. Powerful US wine critic Robert Parker has discovered this underpriced bombshell from the western limits of the Rhône Valley, alas, so stuck up on this dense, characterful red for drinking with hearty food over the next nine months.

Côteaux du Languedoc 1996 Vinum de Calcaiz, \$4.95, ABA. This satisfying Pic St Loup oozes into every tastebud.

Cuvée Bronzinielle 1995 Dom St Martin de la Garrière, \$5.95, La Res. Excitingly concentrated yet gentle wine in which a long maceration has resulted in a wonderfully deep colour and bounding southern fruit.

Ch Lancyre Grande Cuvée 1995 Pic St Loup, \$7.99, larger Tesco. Serves this blend and see it taken for a wine at twice the price. Masses of depth, geography and interest. Great to see a large supermarket stocking such a wine.

## AROUND BORDEAUX

More difficult than ever to find single bottles of good, mature claret. Most of the wine available is the less-than-exciting produce of 1991-1994, so grab any 1990s (Majestic's mop-up of the Swedish monopoly cellars has yielded some real bargains, rarely aristocratic but many have vaguely rustic charm) and drink lesser 1990s. Otherwise, try La Res or Reid Wines (01861 452645) or start to drink your long-cellarred 1982s now that prices seem to have peaked and you need either no longer and about whether you can afford to. Many 1983s are also looking lovely.

Ch de Carles 1990 Ponsac, \$5.99, Majestic. Lively refu-

## The key to the wine cellar

ABA, Adam Bancroft Associates (0171-273 1902).  
C&S, Corney & Barrow (0171-251 4051).  
Ch, Chateau.  
BFR, Berry Bros & Rudd (0171-398 9800, 01256-323558).  
Dona, Donat.  
HHC, Haynes Hanson & Clark (01451-670808, 0171-229 0102).  
L&W, Lay & Wheeler (01206-764446).  
OFW, Oddbins Fine Wine (HC: 0181-644 4400).  
OWL, Owl.co.uk (0171-626 7750).  
La Res, La Réserve London SW3 (0171-589 2020).  
Clapham Cellars SW11 (0171-678 6801).  
Heath Street Wine Co NW3 (0171-435 6845).  
La Piccolina W2 (0171-402 6820).  
Sec & Vin SW9 (0171-382 8630).

gee from Stockholm.

Ch de Lisse 1990 St Emilion, \$7.99, Majestic. Full, well-balanced and ripe, worthy successor to the 1988.

Ch de France 1995 Pessac Léognan, \$9.99, Oddbins. A charmer, but not a heavy-weight.

La Demoiselle de Sociando Mallet 1995, \$10.75, Wine Rack, Bottoms Up. A sign of the times that this once-moderate Cru Bourgeois can command such a price for the wine made from its efforts - and that the wine itself tastes more like a top Chilean Cabernet than a Médoc.

Not for traditionalists but those who want beef rather than subtlety.

Ch Royland 1994 St Emilion, \$13.81, C&S. Classic St Emilion with real guts, for drinking over the next five years.

Moulin des Dames 1994 Bergerac, \$13.95, L&S. Quite extraordinary concentration for a Bergerac from Luc de Conti at Tour de Gendres; without question worth the money. For this year or the next five.

Ch Olivier 1990 Pessac Léognan, \$13.95, Nicolas. Unusual availability for a wine with some bottle age. Lively and appetising.

Ch Roc de Cambes 1994 Côtes de Bourg, \$15.28, C&S. \$188 a dozen from Savage Selection (01451 860896) which offers a range of vintages. From the same dedicated winemaker as cult wine Tertre Roteboeuf, very dramatic, ambitiously oaked evidence that even the outlying areas have their pockets of genius.

## LOIRE

Secure the best of the delicious 1996 reds over the next few months. RSJ Wines (0171 633 0488) has the best selection, although Gambley's of Nottingham (0115 9110555) also offers some of the best

producers.

Anjou Rouge 1996 Dom des Bannards, \$6.95, La Res. Pungently inky nose, lovely satin texture, ultra-clean and sappy. Not big, certainly not oaky, but very racy and appetising. In less successful vintages than 1996, the fruit is made into Bannard's fascinating pale pink Crémant de Loire, a leadily refreshing fizz (\$9.95 La Res).

## BURGUNDY AND BOURGEOIS

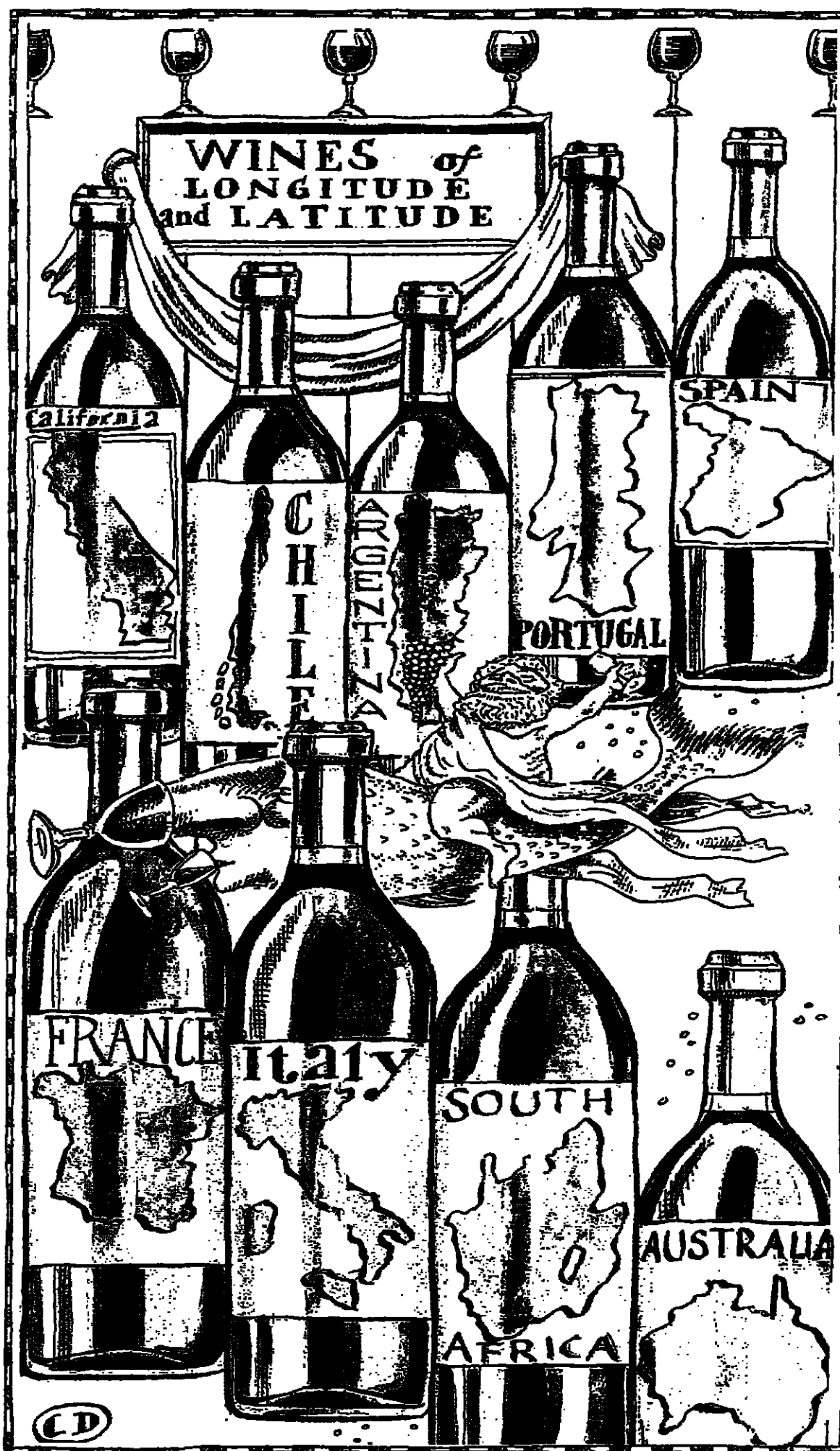
Prices for the promising 1997s may have zoomed up at the Hospices but earlier vintages can provide really thrilling drinking, at prices which look rather good in comparison with red Bordeaux, and often surprisingly good compared with the New World's most celebrated Pinot Noir producers. Look especially for the charming, refreshing 1993s which can offer a real alternative to the blockbusting style sought by so many red wine producers elsewhere (Laytons has several D'jac grande cru at around £30 a bottle). Less ambitious 1996s are also lovely now. Consult HHC and Morris & Verdin (0171 387 8866).

Hautes Côtes de Beaune 1995 La Daignière, \$5.49, Majestic. Quite oaky and substantial. Miles better than most previous vintages.

Hautes Côtes de Beaune 1995 Tête de Cuvée, \$6.99, Waitrose. The other side of the Burgundian coin: light, delicate, fragrant, savoury, restrained and not too tannic. Bravo!

Pernand Vergeles 1995 J&B, \$7.49, (28.49 from 20/1) Majestic. Substantial for the appellation and a jolly good drink. Prices rise by £1 on Jan 20.

Brouilly 1996 Domaine du Point du Jour, Guy Depardon, \$8.24, L&W. A seriously



juicy wine to restore one's faith in Burgundies. Not even the merest whiff of bananas or peardrops.

St Amour 1996 Barbelet, \$8.30, HHC. Another serious cru Beaujolais to be drunk over the next year or so.

Côtes de Nuits-Villages 1995 Chopin-Groffier, \$8.95, ABA. A steal. Lovely pure Pinot fruit with a hint of licorice and the structure to provide delicious drinking over the next couple of years.

Pernand Vergeles 1995 J&B, \$7.49, (28.49 from 20/1) Majestic. Substantial for the appellation and a jolly good drink. Prices rise by £1 on Jan 20.

Brouilly 1996 Domaine du Point du Jour, Guy Depardon, \$8.24, L&W. A seriously

J.J. Confuron for drinking over the next three years.

Beaune Premier Cru 1993 Dom Rossignol Traptet, \$16.95, Waitrose. Inner Cellar. This beautifully textured specimen is still putting on weight and could be enjoyed over the next three years.

Nuits-St-Georges Les Vignerons 1992 Falvey, \$19.65, HHC. A powerfully shining jewel for drinking over the next two years.

Chambolle Musigny Les Athènes 1994 Tardy, \$19.95, La Res. Heady, exotic, already fully spiced and no shy retiring flower, rather a showstopper from vines leased

from Méo-Camuzet.

Nuits St Georges Premier Cru 1993 Dom de l'Arlet, \$22.99, L&W. Nuits from a French polisher. Lovely pure, relatively soft yet structured thoroughbred. Racy and already delicious.

Corton 1995 Dom Chandon de Brailles, \$38.25, BBR. Grand cru quality yet unusually approachable already. A gentle giant from a mother and daughter team.

Corton Clos des Cortons 1995 Falvey, \$48.25 (magnum \$96.50), HHC. No compromises in fashioning this grand cru for the future. Power and oak in abundance. Open in 2005. For cur-

rent grand cru drinking go for Falvey's lacy, entrancing Mazis-Chambertin 1992 \$34.35 from HHC.

## RHÔNE/PROVENCE

A source of great value in the best-value price bracket of all (\$5-10 a bottle), which seems to continue to attract quality-driven newcomers. High success rate at this level and no shortage of flavour. Lay in as much as you can afford, for surely prices will rise.

Côtes-du-Rhône Bouquet des Garrigues 1995 Clos du Caillou, \$5.95, ABA. The second bottle I tasted was more excitingly herby and rich than many a Châteauneuf-du-Pape, but this was very strange indeed. Caveat emptor.

Vin de Pays de Vaucluse 1995 Domaine Four, \$5.95, L&S. The most approachable, gentlest wine of Emmanuel Reynaud, now in charge of Ch Rayas, no less. Supper-in-the-kitchen wine.

Côtes-du-Rhône Parallèle 45 1995, \$1.99, Oddbins. Some slight north Rhône stink. Roughly textbook stuff made by the late and much missed Gerard Jaboulet.

Sablé 1994 Dom de Ptaugier, \$5.99, Oddbins. Two different blends available but both are dense, spicy and fine value with several years ahead of them.

Crozes-Hermitage 1994 Dom Pichon, \$7.85, Adnams. Wonderful value, supple palate with lots of depth and real potential for ageing, too.

Valréas 1995 Dom des Grands Devers, \$7.95, La Res. Almost medicinal southern Rhône with luscious hints of the garrique. A strong character to see us in to the next millennium.

St Joseph Côtes de Mairaut 1994 Francois Villard, \$2.25, ABA. Villard is definitely a name to watch (for Condrieu too). Very dramatic, very modern, archetypically ambitious.

Vaucluse 1993 Cuvée Tempeliers, Dom Clos des Cazaux, \$8.82, L&W. Extraordinary wine with great colour, an intense bramble perfume and amazing supple sweetness. The slight hint of Fisherman's Friend on the palate might put the odd person off but this is a wine clamouring for, and deserving of, attention.

Lirac Cuvée de la Reine des Bois 1995 Dom de la Mordoree, \$8.95, L&S. Wonderfully gently handled, complete and flattering to taste; Châteauneuf without the dry tannins.

Châteauneuf-du-Pape 1995 Ch Mont Redon, \$9.49, Majestic. Rich, excitingly tense and nervy. Price rises by 50p on January 20.

Clos St Michel Châteauneuf-du-Pape 1995 Guy Mousset, \$9.95, Waitrose. Very lively and delicious with a high (30 per cent) proportion of Mourvèdre grapes.

La Rosine Syrah, Vin de Pays des Collines Rhodaniennes 1995 Ogier, \$11.95, La Res. What? Nearly £12 for a Vin de Pays? But this is really a Côte Rôtie manquée, made from youngish vines above Ampuis with masses of punch.

Hermitage 1991 Chave, \$24.50, Majestic. An impeccable classic for the next century.

For Ch Rayas Châteauneuf-du-Pape, try OWL.

Marietta Cabernet Sauvignon 1994 Geysserville, \$10.99, Majestic. Good price. Carefully made and very well balanced.

Tria Zinfandel 1995 Napa, \$11.99, OFW. An elegant, svelte, positively balletic version of California's own grape made by a refugee from the great Saintsbury of Carners, whose wines (see Adnams) have been superb from the 1994 vintage.

Pleides VI Sean Thackeray, \$12.99, Oddbins. Oddball, spicy stuff.

Frog's Leap Zinfandel 1995 Napa, \$13.88, L&W. Ultra appetising. Correct interpretation.

A vital wine smelling of roasted beetroot.

Ridge Zinfandel 1995 Lyton Springs, \$17.50, Waitrose. Inner Cellar. Hot berries nose but beautifully balanced. Gutsy, appetising.

Made to be drunk with food. Pure indulgence.

Berger Private Reserve Cabernet Sauvignon 1993 Napa, \$29.99, Majestic. Stunningly suave, well-constructed wine from Ed Bragaglia keeping its dramatic alcohol content well hidden. Gorgeously gluggable now but it should mature beautifully.

Continued on next page

**H**aving initially seduced us with their bargains, Australian wine producers are now busy trying to lure us up in to the luxury category. Under \$6 a bottle, Chile, South Africa, eastern Europe, Spain and, yes, France can all offer much better value. Higher up the scale, prices are rapidly overtaking those of the French archetypes, especially for Syrah/Shiraz, international superstar. Penfolds Grange having set a dangerous precedent. Look out for a rash of Merlot in future. Arise, McLaren Vale!

## AUSTRALIA

Deakin Estate Shiraz 1996 Victoria, \$4.99, Victoria Wine, Bibendum. Owners

Wingara have been admirable in holding prices. Exceptional value for satin-smooth fruit from the Victorian hinterland.

Tatavilla Merlot 1995 McLaren Vale, \$7.45, Waitrose. Oxo savoury notes on ripe fruit matured in once-used barrels. Worth keeping some for a year.

Old Penola Estate Merlot/Cabernets 1994 Coonawarra, \$7.99, larger Tesco. A serious, well-balanced expression of Coonawarra's special character. Gardeners may appreciate the name of the winemaker, John Innes.

Tatavilla Foundation Shiraz 1995 McLaren Vale, \$8.49, OFW. Very slightly syrupy but masses of flavour and held in check by good acidity.

Katnook Merlot 1995 Coonawarra, \$10.95, Bibendum. Unlike many an Australian, very definitely Merlot, but £2 more than its direct equivalent from South Africa and much more than

Chilean rivals.

Plantagenet Cabernet Sauvignon 1993 Mt Barker, \$12.80, BBR. Classic claret (the 1990 has just been auctioned for \$155 as a magnum), but the Roc de Cambes from Bordeaux seems a better buy to me.

Arenberg The Dead Arm Shiraz 1995 McLaren Vale, \$13.99, Oddbins. Limited stocks available of this impressively pleasurable, meaty mouthful.

St Hallett Old Block Shiraz 1994 Barossa, \$13.99, Thresher. An old favourite in a great vintage for South Australian reds.

Steve Maglieri Reserve Shiraz 1994 McLaren Vale, \$14.99, top Tesco stores. Molten lava.

Peter Lehmann Stonewell Shiraz 1992 Barossa, \$15.99, OFW. Coconut, essence of ripe black fruits, nothing to do with France; the only anything thing is that last Christmas Asda were selling the 1991 for £14.99.

Clarendon Hills Merlot 1996 McLaren Vale, \$22, Jusef & Brooks (0171 493 9723/0181 285 3202). Clover of J&B to have snapped up this Australian cult producer, whose old-vine Shiraz, Astralis, is a serious rival to the Penfolds Grange. J&B have a few bottles of the 1996, wonderful airborne treacle, at

## SOUTH AFRICA

Cabernets still generally rather tough but the country's own Pinotage continues to be increasingly charming.

Clos Melvaine Pinotage 1996/97 Stellenbosch, \$5.49, Fellen. Oddbins. Virtually identical tasting notes for both vintages: full, sweetly fragrant and flavoursome.

Leaf Op Kloop Cabernet/Merlot 1996, \$5.99, M&M Hill Wines. The Grape Shop. Intense, smoky, vaguely reminiscent of Grape Nuts. More welcoming than most.

Clos Melvaine Reserve Pinotage 1996 Stellenbosch, \$7.99, Waitrose, Victoria Wine Cellars. The powerful, plush, almost feral, almost milk chocolate smells of Devon Valley fruit in abundance and concentration.

Boulevard Pinotage/Gallop Peak Pinot Noir, 1996 Walker Bay, \$9.95, Bibendum (0171 722 5574). Peter Pinelsson makes much more authentic Burgundian wines than most South Africans and every vintage seems to be better than the last. Lovely cool climate fruit here.

Grangeval Cabernet/Merlot Reserve 1994 Stellenbosch, £10.99, Waitrose, Bibendum. Drink deep, at 98% sophisticated wine as prices are escalating with reputation in South Africa.

ing as the whites now, especially but not exclusively the Pinots.

Corbans Private Bin Pinot Noir 1994, \$9.99, Waitrose Direct (0800-188881). Little bit simple but vivacious.

Vavasseur Reserve Pinot Noir 1994 Marlborough, \$12.99, OFW. Exotic, pretty good, very slightly stewed nose, but excellent fruit and a nice long flavour. (Just about as good as the Ata Rangl 1995 at £17.49.)

La Strada Syrah, Fromm 1996 Marlborough, \$12.99, L&W. Pepper and fullness that is truly extraordinary in NZ context - although arguably less rare among the range of wines available in the UK or US. Dry, serious. Seek out Fromm's Pinots from L&W, too.

have certainly paid off. This has amazing concentration but no obvious excesses. For tasting and cellaring.

## CALIFORNIA

Some wonderful wines at the top end but very few bargains. For cheap Californian wine go to Chile or Argentina, whose inexpensive fruit has been fashioned into wines of truly North American style by California winemakers in two cases below. Seek out as small a California appellation as possible. "North Coast" is California's equally vague answer to "South Eastern Australia". Best importers are Oddbins, Morris & Verdin (0171 387 8866) and the Wine Treasury (0171 793 9999). Harvey Nichols (0171 201 8587) has a good, if stiffly priced, range. Zin is great with turkey.

Trio Merlot 1996 Chile, \$5.49, Thresher. Nice bright fruit with neat oaking, California crispness and packaging. This one was made at Concha y Toro by Chile's version of constant winemaking motion, Ignacio Recabarren.

Veramonte Cabernet Sauvignon 1996 Chile, \$6.99, Oddbins. The grapes were grown in Chile, mysteriously "influenced by the beauty of the Andes mountains" according to the label, but the winemaking and structure are pure California. Great value, very smart packaging. There's also a notably soft Merlot.

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## INTERNATIONAL ARTS GUIDE

## What's on around the world

## AMSTERDAM

## EXHIBITIONS

**Rijksmuseum**  
Tel: 31-20-673 2721  
● Medieval illustrated histories: the Hausbuch and its Master. Drawings, prints and a panel painting by the Master of the Amsterdam Cabinet, including the 64 sheets of the Hausbuch, illustrating court life in the late Middle Ages. The book has temporarily been taken apart for restoration, providing this unique opportunity to view it in this way; to Jan 18  
● On Country Roads and Fields: tracing the development of Dutch landscape painting through the 18th and 19th centuries, this exhibition starts with the idealised visions of De Moucheron and Van Huysum, includes examples of The Hague School post-1860, and concludes with turn-of-the-century works by Van Gogh and Mondrian; to Mar 3

## OPERA

**Netherlands Opera, Het Muziektheater**  
Tel: 31-20-551 8911  
Dialogues des Carmélites: by Poulenc. New production conducted by Yves Abel in a staging by Robert Carsen. Cast includes Joan Rodgers and Sheri Greenwald; Dec 7, 10

## BARCELONA

## EXHIBITIONS

**Fundació Joan Miró**  
Tel: 34-3-329 1908  
www.bcn.fjmiro.es  
Alexander Calder: centenary celebration of work by the maker of mobiles. The show focuses on his close relationship with Miró; to Feb 15

## BERLIN

## DANCE

**Deutsche Oper**  
Tel: 49-30-34384-01  
Deutsche Oper Ballet: Rosalinde, choreographed by Ronald Hynd to music by J. Strauss; Dec 11

## OPERA

**Deutsche Oper**  
Tel: 49-30-34384-01  
Die Zauberflöte: by Mozart. Staged by Günter Krämer, with sets and costumes by Andreas Reinhardt; Dec 7, 9, 12

## BOLOGNA

## OPERA

**Teatro Comunale**  
Tel: 39-51-529 999  
www.nettuno.it/teatrocomunale  
Turandot: by Puccini. Revival conducted by Daniele Gatti in a staging by Hugo de Ana; Dec 6, 7, 9, 11

## BONN

## EXHIBITIONS

**Kunst- und Ausstellungshalle der Bundesrepublik Deutschland**  
Tel: 49-228-917 1200  
Kunsthalle Bremen: selection of important works including paintings, sculptures and copper engravings from the collection of the Kunsthalle Bremen. Ranges from 17th century Dutch painting to modern photography; to Jan 11

## CHICAGO

## OPERA

**Lyric Opera of Chicago**  
Tel: 1-312-332 2244  
www.lyricopera.org  
Amistad: world premiere of Anthony Davis's new work about the 19th century anti-slavery campaign. Dennis Russell Davies conducts a production by George C. Woolfe; Dec 8, 11

## CLEVELAND

## EXHIBITIONS

**Cleveland Museum of Art**  
Tel: 1-216-421 7340  
www.clema.org  
When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Including the most important known "cloth of gold"; to Jan 4, after which the exhibition will travel to New York

## COPENHAGEN

## EXHIBITIONS

**Louisiana Museum of Modern Art, Humlebaek**  
Tel: 45-4919 0719  
www.louisiana.dk  
Alberto Savinio, Paintings 1927-1952: around 30 still lifes, landscapes and mythological compositions by the relatively unknown brother of de Chirico. His work combines abstract and figurative elements, and in many ways parallels de Chirico's own; to Jan 11

## EDINBURGH

## EXHIBITIONS

**Scottish National Portrait Gallery**  
Tel: 44-131-624 6200  
Portraits of Excellence: a series of photographs of distinguished academics at the University of Edinburgh, commissioned according to an 18th century University tradition; to Feb 1

## FRANKFURT

## EXHIBITIONS

**Schirn Kunsthalle**  
Tel: 49-69-299 8820  
Holy Russia: Icons and the Rise of Moscow 1400-1600. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16



'Standing Man', by Filippino Lippi, one of the drawings on display in an exhibition at the Metropolitan Museum of Art, New York

manuscripts. The period was a crucial one, which marked the rise of Moscow as a principality ruled by powerful Tsars. Its architecture and art reflect this shift, and illustrate a remarkable synthesis of Renaissance ideas with traditional Byzantine forms. To Mar 1, after which the exhibition will travel to London

## HOUSTON

## EXHIBITIONS

**Museum of Fine Arts, Houston**  
Tel: 1-713-639 7750  
The Dark Mirror: Picasso, Photography and Painting. More than 300 works, the majority of them photographs, which will illustrate the relationship between the various media in which Picasso worked. The display includes studies of works in progress, self-portraits, and photographs of Rousseau and Braque. The exhibition has been seen in Paris and will travel to Japan; to Feb 1

## LONDON

## CONCERTS

**Barbican Hall**  
Tel: 44-171-638 8891  
Sarah Chang: recital by the violinist of a programme including works by Strauss and Brahms. With pianist Charles Abramovic; Dec 7

## EXHIBITIONS

**Barbican Centre**  
Tel: 44-171-638 8891  
● Don McCullin - Sleeping With Ghosts: major retrospective of work by the photo-journalist which spans his career from 1959 to the present. Includes prints drawn from the major stories he covered, and more recent still lifes and landscapes; to Dec 14  
● James Ensor 1860-1949: more than 140 works by the Belgian expressionist. Includes early studies of Ostend, portraits of the artist's family and friends, and the carnival paintings for which he is best known; to Dec 14

## Hayward Gallery

Tel: 44-171-261 0127  
www.hayward-gallery.org.uk  
Objects of Desire: The Modern Still Life. Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to Jan 4

## National Gallery

Tel: 44-171-839 3321  
Makings & Meanings: Holbein's Ambassadors. This recently cleaned double portrait by Hans Holbein the Younger pictures two French ambassadors to the court of Henry VIII in 1533. Presented alongside are drawings and miniatures, and objects relevant to the painting's political and religious background; to Feb 1

## National Portrait Gallery

Tel: 44-171-308055

● Bruce Weber: first major museum retrospective devoted to Weber's portraits, this show includes some 200 prints, of subjects ranging from young Hollywood stars to the Duchess of Devonshire; to Feb 15  
● Glenys Barton: selection of ceramic heads and portraits by the British sculptor; to Jan 11  
● Hyenas in Petticoats: Mary Wollstonecraft & Mary Shelley. Celebration of the joint bicentenary of the two women writers, the birth of the latter having caused her mother's death. Through portraiture, drawings and manuscripts the display examines their lives, times and writings; to Feb 15

● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 60 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1

## Royal Academy of Arts

Tel: 44-171-439 7438  
● Sensation: Young British Artists from The Satchell Collection. Showcase of works by some 40 artists including Damien Hirst, Marc Quinn, Mark Wallinger and Rachel Whiteread; to Dec 28  
● Victorian Fairy Painting: exploring the fascination with fairies and the supernatural which took hold of artists and writers in Britain from the early 19th century to the outbreak of the First World War. The exhibition will travel to the US next year; to Feb 8

## Tate Gallery

Tel: 44-171-887 8000  
The Turner Prize 1997: display of works by each of the nominees on this year's all-woman shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; to Jan 18

## Victoria and Albert Museum

Tel: 44-171-938 8500  
Carl and Karin Larsson: Creators of the Swedish Style. Recreates five rooms of the famous house at Sundborn, and examines its extraordinary impact on the interior design of our century; to Jan 18

## OPERA

**English National Opera, London Coliseum**  
Tel: 44-171-378 5399  
● The Royal Opera: Il barbiere di Siviglia, by Rossini. New production staged by Nigel Lowrey; Dec 6  
● The Royal Opera: Paul Bunyan, by Britten. New production staged by Francesca Zambello and conducted by Richard Hickox; Dec 10, 11

## Shaftesbury Theatre

Tel: 44-171-539 5399  
● The Royal Opera: Il barbiere di Siviglia, by Rossini. New production staged by Nigel Lowrey; Dec 6  
● The Royal Opera: Paul Bunyan, by Britten. New production staged by Francesca Zambello and conducted by Richard Hickox; Dec 10, 11

## THEATRE

## Lyric Theatre, Shaftesbury Avenue

Tel: 44-171-494 5045  
Cyrano de Bergerac: by Edmond Rostand, translated and adapted by Anthony Burgess. West End transfer of the RSC production, starring Antony Sher and directed by Gregory Doran; to May 30

## Riverside Studios

Tel: 44-181-741 2255  
Oh Les Beaux Jours: by Samuel Beckett (1981). Peter Brook directs Beckett's French language version of Happy Days; Dec 6

## MADRID

## EXHIBITIONS

**Fundación 'la Caixa'**  
Tel: 34-1-435 4833  
● Joaquim Mir, 1873-1940: A Life's Journey. Retrospective of around 140 works by the landscape painter; to Jan 25  
● Martin Puryear: first European retrospective of the American sculptor, b.1941. The display comprises around 40 works produced since the mid-1970s; to Jan 11

## Museo Nacional Centro de Arte Reina Sofia

Tel: 34-1-467 5062  
Fernand Léger (1881-1955): retrospective comprising some 220 paintings and drawings by the early modernist. The exhibition will emphasise the artist's relationship with architects, as well as his work for the ballet and cinema. Previously seen in Paris, the exhibition will transfer to New York; to Jan 12

## MANCHESTER

## CONCERT

**Bridgewater Hall**  
Tel: 44-161-607 9000  
Tosca: by Puccini. Concert performance given by the Hallé Orchestra and The European Opera in their first collaboration; Kent Nagano conducts; Dec 10, 11, 14

## MILAN

## EXHIBITIONS

**Fondazione Antonio Mazzotta**  
Tel: 39-2-878 197  
Kandinsky: display of more than 100 works, including several major paintings; to Jan 11

## OPERA

**Teatro alla Scala**  
Tel: 39-2-88791  
Macbeth: by Verdi. Conducted by Riccardo Muti in a staging by Graham Vick, with designs by Maria Bjornson. Casts vary; look out for Maria Guleghina and Roberto Alagna; Dec 7, 10, 13

## NEW YORK

## DANCE

**New York City Ballet, New York**

## State Theater

Tel: 1-212-570 5570  
George Balanchine's The Nutcracker; Dec 8, 7, 9, 10, 11, 12

## EXHIBITIONS

**Brooklyn Museum of Art**  
Tel: 1-718-638 5000  
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air, it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several European journeys made by the painter; to Jan 4

## Metropolitan Museum of Art

Tel: 1-212-879 5500  
www.metmuseum.org

● Drawings of Filippino Lippi and His Circle: first major exhibition of work by the Quattrocento painter. Of the 117 drawings on display, 80 are by Lippi, including rare loans from around the world. Raphael and Botticelli, whose assistant Lippi was, are also represented; to Jan 11  
● Gianni Versace: this tribute to the late Italian designer explores the influences upon his work of abstract artists including Warhol, and of historical styles ranging from Greek and Roman classicism to 18th century court styles, and the Vienna Secession. The show also explores his use of new materials such as plastic and leather, and includes designs for the theatre; from Dec 11 to Mar 22  
● Jackson Pollock (1912-1956): Early Sketchbooks and Drawings. Display of 48 rarely seen pages from the Abstract Expressionist's sketchbooks, and 24 drawings. Includes studies and portraits; to Feb 8

## Museum of Modern Art

Tel: 1-212-708 9480  
www.moma.org

● Achille Castiglioni: Design! First US retrospective of the Italian architect and designer; to Jan 6  
● Egon Schiele (1890-1918): The Leopold Collection, Vienna. Around 150 works by the Austrian Expressionist, dating from 1905 through 1918; to Jan 4

## Pierpoint Morgan Library

Tel: 1-212-685 0008

● Deadly Enemies: Aaron Burr and Alexander Hamilton. Display of letters by the arch political rivals, whose mutual enmity resulted in a duel and the latter's death; to Mar 1  
● Romanticism to Realism - 19th Century German Drawings: survey of 50 works from the collection, including drawings by Caspar David Friedrich and watercolours by Adolph Menzel; to Jan 4

## Whitney Museum of American Art

Tel: 1-212-3272801

● Fashion and Film: running concurrently with the Warhol show, this film and video series traces the relationship between the two industries; to Jan 18  
● The Warhol Look/Glamour Style: Fashion: major retrospective of around 500 works of art, following Warhol's career from the 1940s to the 1980s, and also including works by his contemporaries; to Jan 18

## OPERA

**Metropolitan Opera, Lincoln Center**  
Tel: 1-212-362 6000  
www.mefopera.org

● La Clemenza di Tito: by Mozart. Conducted by James Levine in a staging by Jean-Pierre Ponnelle. Cast includes Anne Sofie von Otter and Anthony Rolfe Johnson; Dec 6  
● The Rake's Progress: by Stravinsky. New production by Jonathan Miller, conducted by James Levine. Cast includes Dawn Upshaw and Samuel Ramey; Dec 6, 11

## PARIS

## CONCERTS

**Salle Pleyel**  
Tel: 33-1-4561 6589  
● Orchestre de Paris: conducted by Wolfgang Sawallisch in works by Beethoven. With soprano Eva Mei, tenor David Kübler, bass Jan-Hendrik Rootering and Choir led by Arthur Oldham; Dec 6  
● Orchestre de Paris: conducted by Wolfgang Sawallisch in works by Beethoven. With piano soloist Radu Lupu, soprano Luba Orgonova, mezzo-soprano Marianne Roehrlin, tenor Herbert Lippert, and bass René Frenay. Choir led by Arthur Oldham; Dec 10, 11

## EXHIBITIONS

**Musée du Louvre**  
Tel: 33-1-4020 5151  
www.louvre.fr  
● Etchings from the Low Countries: display of 110 copper etchings dating from the 15th and 16th centuries. Includes works by Lucas de Leyde and Dürer; to Jan 5  
● Pajou, sculpteur du Roi: first retrospective devoted to works by the French sculptor (1730-1809), successful in the French Royal Academy of Painting and Sculpture and a favourite of Louis XV and Louis XVI. The display includes Pajou's five most famous marble statues, portrait busts, and a large number of drawings including designs for the opera at Versailles. The exhibition will travel to New York; to Jan 18

## OPERA

**Opéra National de Paris, Opéra Bastille**

Tel: 33-1-4473 1300  
Der Rosenkavalier: by Strauss. New production conducted by Edo de Waart in a staging by Herbert Wernicke. Cast includes Renée Fleming, Susan Graham and Barbara Bonney; Dec 6, 11  
Opéra National de Paris, Palais Garnier  
Tel: 33-1-43439696  
The Merry Widow: by Franz Lehár. Armin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Lagarto; Dec 6, 9, 11

## OPERA

**Opéra National de Paris, Palais Garnier**

Tel: 33-1-43439696

The Merry Widow: by Franz Lehár. Armin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Lagarto; Dec 6, 9, 11

## OPERA

**Opéra National de Paris, Palais Garnier**

Tel: 33-1-43439696

The Merry Widow: by Franz Lehár. Armin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Lagarto; Dec 6, 9, 11

## OPERA

**Opéra National de Paris, Palais Garnier**

Tel: 33-1-43439696

The Merry Widow: by Franz Lehár. Armin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Lagarto; Dec 6, 9, 11

## Tel: 33-1-49526050

● Fidelio: by Beethoven. Production staged by Patrice Chaurier and Moshe Leiser, with the Orchestre des Champs-Élysées and the Choir of the Welsh National Opera. Conducted by Louis Langrée; Dec 9, 12  
● Leonore: by Beethoven. Production staged by Patrice Chaurier and Moshe Leiser, and conducted by Louis Langrée. With the Orchestre des Champs-Élysées and the Choir of the Welsh National Opera; Dec 10

## ROME

## EXHIBITIONS

**Musei Capitolini**  
Henri Matisse: more than 200 works are included in this major exhibition, which aims to demonstrate the profound influence of Oriental art upon the great modernist. Works by Matisse are displayed alongside examples of Islamic and Byzantine art; to Jan 20

## Palazzo Ruspoli

Tel: 39-6-6830 7344  
www.palazzoruspoli.it  
Mummy Portraits: previously shown at the British Museum in London, this exhibition contains nearly 200 portraits. Painted on wooden panels, linen shrouds, cartonnage or three-dimensional plaster masks, the portraits were created during the first three centuries of Roman rule in Egypt; to Feb 28

## Palazzo Venezia

Tel: 39-6-6999 4259  
Pietro da Cortona (1597-1669): celebrating the 400th anniversary of the birth of the Italian baroque artist, this retrospective comprises around 100 paintings, as well as architectural drawings and a group of sculptures; to Feb 10

## SAN FRANCISCO

## OPERA

**San Francisco Opera, War Memorial Opera House**

Tel: 1-415-864 3330  
www.sfoopera.com  
● Eugene Onegin: by Tchaikovsky. Yuri Tseretkov conducts his 1980s Kirov Opera production, with a cast including Anthony Michaels-Moore; Dec 7  
● Rigoletto: by Verdi. Conducted by Patrick Summers in a production by Mark Lamos, with sets by Michael Yeargan; Dec 6

## TOKYO

## EXHIBITIONS

**Museum of Contemporary Art**  
Tel: 81-3-5245 4111  
Loans from the Centre Georges Pompidou: selection of 127 works from the Musée National d'Art Moderne in Paris, on loan while it is refurbished. Artists represented include Matisse, Chagall, Picasso and Tinguely; to Dec 14

## VIENNA

## EXHIBITIONS

**Kunstforum der Bank Austria**  
Tel: 43-1-533 2265  
Art and insanity: wide-ranging survey of the relationship between madness and the visual arts, from the Baroque to the modern. The 350 works on display include Géricault's portraits of the mentally ill, and a selection of works by psychotic and schizophrenic artists; ends on Monday

## Kunsthistorisches Museum

Tel: 43-1-525240  
Pieter Bruegel and Jan Bruegel: comprehensive survey of the art of the two sons of Pieter Bruegel the Elder. Includes around 130 paintings and 20 works on paper by Jan Bruegel the Elder (1568-1625) and his less celebrated brother Pieter Bruegel the Younger (1564-1637/8). The exhibition also includes a dozen important works by their father, enabling visitors to trace his influence upon the technique of his sons; from Dec 7 to Apr 14

## WASHINGTON

## CONCERTS

**Kennedy Center**  
Tel: 1-202-467 4600  
● Kennedy Center Honors: benefit gala attended by the President and First Lady. This year's honorees are Lauren Bacall, Bob Dylan, Charlton Heston, Jesse Norman and Edward Villella; Opera House; Dec 7 (by invitation only)  
● National Symphony Orchestra: conducted by Maximiano Valdes in works by Glinka, Puccini, Verdi and Prokofiev; Concert Hall; Dec 6  
● National Symphony Orchestra Baroque and Before Festival: Jose Luis Garcia conducts works by Bach; Terrace Theater; Dec 9, 10, 11

## DANCE

**Kennedy Center**  
Tel: 1-202-467 4600  
Joffrey Ballet of Chicago: programme includes L'Après-midi d'un faune, Parade, Ketterantz and L'Air D'Esprit; Opera House; Dec 9, 10, 11, 12, 13

## EXHIBITIONS

**National Gallery of Art**

Tel: 1-202-737 4215  
www.nga.gov

● Lorenzo Lotto: Rediscovered Master of the Renaissance. 50 paintings, many of them on loan from churches and museums in Italy. The exhibition will travel to Bergamo in April and Paris next October; to Mar 1  
● Thomas Moran (1837-1926): first retrospective devoted to the American landscape painter. Featuring 100 oils and watercolours including the famous Yellowstone pictures, painted on a survey expedition in 1871, which influenced Congress's decision to create their first National Park. To Jan 11, after which the exhibition will tour to Oklahoma and Seattle

Arts Guide by Susanna Rustin  
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Additional listings supplied by  
ArtBase Tel: 0031-20-664 6441  
e-mail: artbase@pi.net



# Weekend Investor

Wall Street

## All eyes look to corporate earnings

Next month's figures will show the effects of Asia's crisis, writes John Authers

Reality is in the air of downtown Manhattan. While Asian economies continued their frightening downward rush this week, the most talked-about financial story was the messy divorce settlement hammered out for the chief executive of General Electric Capital.

On Monday, the news of a buy-out for South Korea, one of the world's highest economies, was juxtaposed with a rally which took the benchmark Dow Jones Industrial Average back above the 8,000 mark for the first time in two months.

While equities are still not quite back at their highs, they are getting close. Barely a month later, the horrors of the last week of October seem only a bad memory.

The week also brought news that market authorities had decided against radical changes to the "circuit-breakers" which forced the New York Stock Exchange to close twice in October.

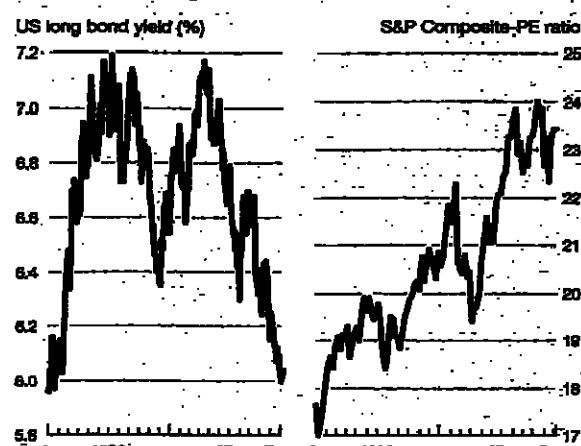
First, after the Dow had fallen by 350 points, and again when it had fallen by 550 points. There will be changes, but they will be only minimal. The safeguards against another rush of selling remain broadly in place.

Asset allocation provides a powerful support for the equity market, and appears to provide an effective crutch against the oft-predicted sudden tumble in share prices.

But economic and corporate fundamentals also apply strong brakes on any attempts to regain the bullish momentum seen in recent weeks.

US equities' most stalwart ally is the bond market. The

### Falling bond yields boost share valuations



most important landmark of the week, although one of the least heralded, came on Thursday morning when the yield on the 30-year Treasury long bond dipped briefly below 6 per cent. It stayed at this level for only about an hour before profit-taking ensued.

Yesterday's unemployment figures, further strengthening the labour market - and, by implication, increasing the risk that the economy would overheat - then pushed the yield back above 6.1 per cent. But the fundamental strength of the bond market persists, and provides invaluable support for equities.

Oddly, dealers may have the Asian crisis to thank for the strong bond market. The latest economic data would have made a monetary tightening by the Federal Reserve a near certainty if there had not been speculation that falling demand from Asia would impose a deflationary drag on the US.

Supply effects may also be at work. While, at first, there was speculation that Asian investors would need liquidity and might be forced to sell their large US bond holdings, the effect could almost be working in the opposite direction, with treasuries benefiting from an international "flight to quality".

None of this means we should expect a return to barn-storming rises in equity prices, though. The bond market rally might already be petering out, and certainly cannot be expected to persist for long.

Then, too, corporate funda-

mentals are another fly in the ointment. The bull market of the past three years has been aided by truly phenomenal growth in the high-technology sector. Several factors - not all of them emanating from south-east Asia - suggest this growth cannot be relied upon to continue.

Intel, the world's largest semiconductor manufacturer and the market's bellwether stock of recent years, is still trading about 20 per cent below its highs set in late summer. 3Com, the networking company, which started the year trading at above \$90, is now resolutely below \$40. On the face of it, there is little fuel in Silicon Valley for a renewed bull market buying spree.

Of course, growth has not been restricted to the high-tech sector, and corporate earnings more generally provide the key to the direction of the market for the next few months. Next year is expected to be slower than this, and this quarter is expected to be weaker than its predecessors, but there is great uncertainty about the precise numbers.

Next month's season of corporate earnings' announcements, which will provide the first conclusive evidence of the effect of the Asian crisis, now looks very important.

Dow Jones Ind Average	
Monday	8,013.11 + 180.98
Tuesday	8,018.83 + 5.72
Wednesday	8,032.01 + 13.18
Thursday	8,050.16 + 18.15
Friday	

London

## It can be a wonderful life

Awakening, Philip Coggan shakes off a nightmare

Relax. It was all a bad dream. You thought that share prices had dipped sharply and the bull market was under threat. But take a look in the paper. The FTSE 100 index is back above 5,000, just like it used to be.

There has been a quite astonishing change of mood in London. The worries about global deflation, or indeed, of UK inflationary pressures, which hit equities in October, seem to have been put to the back of investors' minds.

Two of the market's favourite standbys - take-over activity and share buy-backs - helped do the trick. Back at the start of October, there was a wave of merger activity across Europe, with many analysts speculating that the approach of a single currency was prompting businesses to seek continent-wide economies of scale.

The market turmoil at the end of October prompted a hiatus in activity. But recently the bids have started to buzz again.

The financial sector remains the favourite for consolidation, and speculation was sweeping through the insurance stocks this week, with the recently floated Norwich Union a favoured target.

On a less grandiose scale, there are signs that some of the medium-sized corporations, struggling in the face of global competition and the strength of sterling, are being snapped up.

Watnoughs, the printing group, was on the end of an unsolicited bid from Quebecor, the second largest commercial printer in North America, this week; the chemicals sector has seen an offer for Allied Colloids and takeover talks at Holiday Chemical.

Bids not only drive up the prices of the companies concerned (or, at least, of the

targets) and encourage speculation about the next group in the firing line. They also return cash to shareholders, with the likely result that this money will be reinvested in the market.

Another means of achieving the same end, is the share buy-back. The government's tax changes - the disappearance of the dividend tax credit and the planned abolition of advance corporation tax in 1999 - are seen as making more buy-backs likely in the long run. Reuters and GEC have jumped in early, announcing plans to hand out £1.5bn and \$300m respectively.

Such corporate generosity is occurring when, according to BZW, UK institutions already have more cash than at any time since 1990. That represents a powerful source of market support.

At some point, the pension funds, which have sold £3bn of UK equities this year, have got to put money



Relax, the bad dreams have departed - for now. Photograph: Noel

back in," says Mark Tinker, UK equity strategist at UBS.

With valuations also supporting the market, he sees Footsie at 5,600 by end 1998.

One bullish fund manager is John Ainsworth, head of global equities at Hill Samuel Asset Management. He expects Footsie to hit 6,000 by end 1998, as interest rates fall back from their peak and the UK corporate sector switches from equity to debt (ie, buys back its own shares) in order to create a more highly geared balance sheet.

On top of the helpful domestic news - which included the decision of the monetary policy committee not to raise rates - the stock market also received a lift from overseas.

Although the problems of Asia are far from resolved, confidence seems to be returning to international markets. The DAX index in Frankfurt has just regained 4,000 and the Dow Jones Industrial Average 8,000.

The 30 year Treasury bond yield dipped briefly below 6 per cent on Thursday, although that was sharply reversed yesterday when the US employment data turned out to be much stronger than expected, reviving fears that the Federal Reserve would raise interest rates.

There still are some lingering worries about the effect of the Asian crisis on corporate earnings.

Some companies will be directly affected, in the form of a drop in sales to the region; others will take an indirect hit, as Asian corporations launch an export

drive into international markets, with the help of devalued currencies.

BTR, a company with a rather unfortunate habit of making profit warnings, cited economic downturns in Asia and Latin America for its latest dose of bad news yesterday.

The Coddock indicator, a technical measure designed to pick buying points for long term investors, has turned down again. Strictly speaking, this is not a signal of any kind; Coddock only applies under clearly defined conditions, when the indicator is below zero and turns up.

This last happened at the end of April 1995, when the FTSE 100 index was 3,216.7. That turned out to be a very good signal, indeed. Footsie has not since ended a month below that level and, at its early October peak, was 66.9 per cent ahead of it.

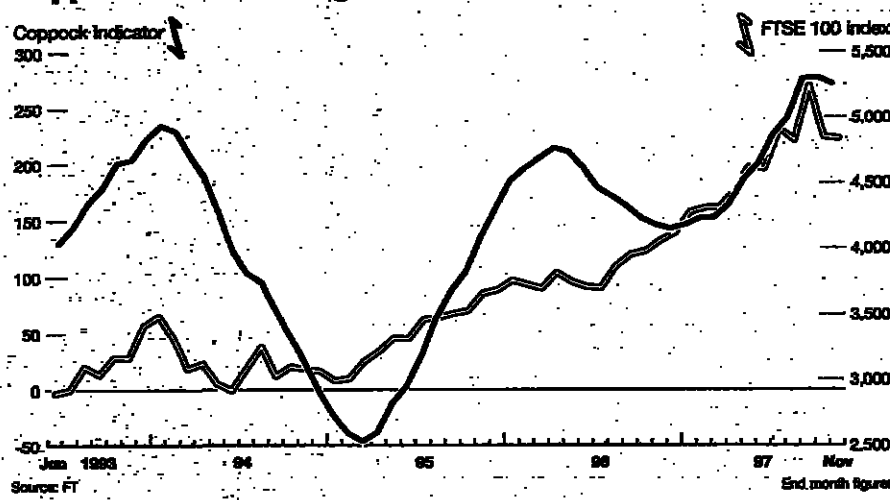
After April 1995, Coddock kept rising until May 1996, when it turned down, with Footsie at 3,747.8. However, its drop was quite small and the indicator turned up again in January this year, with Footsie at 4,275.8. Clearly, therefore, the mere fact of the indicator turning down cannot be relied on as a useful sell signal.

The indicator is calculated by using the difference between an index's current level and its level 11 and 14 months ago.

It gives buy signals only rarely, and another such signal is unlikely for some time.

philip.coggan@ft.com

### Coddock turns down again



### Highlights of the week

	Price	Change	52 week	52 week	
	1 day	at week	High	Low	
FTSE 100 Index	5142.8	+311.1	5330.8	3953.0	Takeover speculation
AEA Technology	490	+44%	525	357	Strong results
Deputy	287	+31%	383%	217%	Bid speculation
Deputy Group	154%	+12	296%	142	Improved profits
FirstBus	218%	-15	255	184%	Profit-taking after good run
General Accident	1130	+157	1157%	685%	Takeover talk
Merryllyn	65%	+15%	112%	49%	Recessive approach
P & O	679%	+36%	791	571%	Bovis fleet
Railtrack	1091	+95	1115	539	Positive broker comment
Reed International	616%	-14	646	506%	Cautious outlook
Sage Group	300	+35%	815	485	Fortcoming IT index
Siebo	1242	+165	1333%	897	Strong results
Smithline Bechem	694	+84	845%	384%	US buying
Standard Chartered	758	+100%	1003%	592%	Asian recovery
Williams	350%	+25%	394%	294%	Bullish trading statement



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Barry Riley

## Dividends in doubt

Is investment income now on the way out?

It is an income squeeze. As share and bond prices rose in the UK and other western economies this week, in response to the vast quantities of liquidity being pumped into Asia, investment income dropped. Existing investors are cushioned by capital profits, but new ones will be exposed.

The average gross dividend yield in the UK equity market has shrunk to 3.3 per cent, but a pre-tax yield is now an outdated concept in the UK. A pension fund receives only 2.7 per cent and a private, 40 per cent taxpayer just 2 per cent.

In long-term British government bonds, the apparent yield is 6.4 per cent, reducing to 3.3 per cent after tax, in real terms, though, it is much worse than this because inflation has begun to rise again. The Treasury forecasts that underlying inflation (excluding mortgage interest rates) will be 3 per cent over the next year and will not fall below 2.5 per cent by 2000. Headline inflation, in fact, is already 3.7 per cent and is quite likely to exceed 4 per cent for a time in 1998.

Allowing for inflation, the prospective income for higher rate taxpayers is, therefore, negligible. Careless fixed income investors can easily do much worse because most gilt-edged bonds now stand well above par. If you take Treasury 11% per cent 2003-07 as an example, the higher rate taxpayer will incur a negative real return over the next year. Such a bond priced more than 20 per cent above par

represents a disastrous mechanism for turning capital into taxed income.

It is about time gilts were restructured in order to avoid the worst of this trap. But then, investors should no doubt be well advised. Those nearing retirement, though, cannot so easily avoid the annuity trap whereby large personal pension funds will only buy small pensions. This problem could get

of their right to reclaim tax on dividends, thereby cutting their yield on UK equities by 0.7 percentage points. Soon, he may disallow higher rate relief on contributions, reducing the appeal of pension plans still further (although the promised retention of this relief for ISAs gives grounds for optimism).

True, there is the option of short-term savings accounts. Some of these now return 7 per

cent or more. This week, the Bank of England decided not to raise money market rates from 7.25 per cent, but market operators are assuming 7.5 and 7.75 per cent in the months ahead as battle is joined to halt the UK's lopsided boom. But remaining in short-term accounts can be a trap if the long-term markets are strong. By the time money market rates come down again, share and bond prices could be much higher.

It is, on the face of it, perverse that a government set on "burying short-termism" should now be rewarding short-term depositors. Is the UK's inflation problem just another temporary blip, or a manifestation of long-standing national monetary indiscipline and an indifference to the concerns of bond investors? Another Labour chancellor, Hugh Dalton, once succeeded in forcing long-dated

gilts yields down to 2.5 per cent but, in the process, destroyed the reputation of British government bonds as long-term investments.

As investment income shrivels, we can look for precedents in the US where the squeeze on equity income is even more severe as the market dividend yield sinks below 1.5 per cent. The Americans, however, have developed the concept of high yield bonds so that, for a modest (if you are lucky) risk, investors can enjoy much higher yields. Credit risks can be diversified, and the US tax system gives a big incentive for companies to pay interest rather than dividends.

Much the same sort of tax structure will apply to companies in the UK from April 1998. It will make sense for them to gear up their balance sheets and buy back substantial proportions of their shares.

Dividends are coming in for a fundamental rethink following the pension funds' loss of tax clawback rights and the government's decision to abolish advance corporation tax in April 1999. Already, year-on-year dividend growth has slowed to under 5 per cent, from 9 per cent last spring, and payouts could be static next year. Smart companies may even want to slash the dividends: shareholders could then be offered partial switches into corporate bonds, because this would be more tax-efficient. Income-dependent investors, however, should get ready to tighten their belts.

Offshore managed funds and UK managed funds are listed in Section One

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## FT WEEKEND

True Fiction

## The 100-year war of words

Arnie Wilson finds his literary mentor is angry at the growing sophistication of language

Lazarus Woolson, my literary mentor, becomes unsettled every time a revised dictionary is published. He knows he must yet again acquaint himself with an ever-changing vernacular which he feels is gradually adulterating and trivialising the language from which he has scratched a living as a writer since limping back from Salonika, permanently weakened by malaria, in 1918.

"The language is becoming more and more sophisticated," he grumbled to me a day or so ago. Of course, he did not mean it as a compliment.

"Sophisticated - derived from sophistry," he said, as I sat in his gloomy and rather shabby study in London's Grape Street, swigging on my Hooper's Hoosh Alepop. "In my day it meant adulterated, impure, not genuine. And sophistication was defined as injuring by mixture." I did remember something of the sort from my moderate

schooling, but even in the pre-Hovercraft days of 1958, this was merely of academic interest.

With the new millennium almost upon us, Larry is particularly anxious. At 96, little short of his personal century, he found the recent attempt by Collins Dictionaries to define the 20th century in 100 words - using keywords such as suffragette, jazz and girl guide - utterly depressing.

He sought comfort in his first edition (1896) of Chambers - a prize at Mercer's School - for a nostalgic reunion with the language he loved so much he thought it would never desert him. "Look at this, Arnold," he

barked in a still-resonant baritone. (He is one of the few friends I allow to address me thus.)

"Declate - another word that has now completed a slipshod transformation. When I started writing after the first war, it meant to take nine-tenths of, or to put to death nine in every 10 men. Today's ignoramus uses it to mean something tiny."

"Thank God for the Oxford Dictionary. At least it has the integrity to note that this usage is often frowned upon by careful users of English. But for how much longer?"

"Unfortunately. Thomas Davidson, the editor of my old

Chambers, was spot on when he wrote it was not for an editor to judge whether a word was to be added to the treasury of English, but merely to register such words... hence he must admit many words he would not himself use."

"But he would have turned in his grave if he could have seen some of the ghastly words in use today." Warning to his task, Lazarus leafed through the pages. "Look at this," he said. "Air-space. What d'you think that meant in 1898?"

I shrugged. "I'll tell you: it was the cubic content of a room, hospital ward or the like, with reference to

the respirable air in it."

Turning again at random, he alighted on "orient", a word of many meanings. Larry focused on the one concerned with adjusting to circumstances and told me it had a sporting origin.

Leyton Orient, the east London football club, had once been a French team called Orient, he explained. During this time, it had been hopelessly unsuccessful, provoking jokes about who put the "rien" and "O" in Orient. "And this is how we got the word 'disorientated'."

Trepanning was a surprise too. "Look," said Larry. "It's also from the French *tré* and *pain*. Very broken down. Often

applied to the brain. So when they started drilling holes in skulls, it became trepanning."

A word he particularly loved as a young man was contraband - something he did often and with a passion. The old Chambers defined it thus: "To perform, musically, with other or others; especially accompanied piano playing."

Writer, pianist: Larry was an accomplished youth. But his talents and enthusiasms were many and varied. He loved equestrianism. "A game played on horseback on a large squared grid; old English equestrian game played with fence posts in a squared field or area"; he

savoured fine food and wine, especially mullock ("Meat of the chosen lamb") and corley ("Fermented juice of fruits of the hedges").

"I haven't seen or heard of corley for half a century," said Larry. "But I believe there are some parts of the world where you can still find mullock - not that I shall be looking, with my digestion shot to bits."

I picked up the great book and alighted on "blue-stocking" - "a name given to learned and literary ladies who display their acquirements in a vain and pedantic manner to the neglect of womanly graces".

"A bit sexist in your day, weren't they, Larry?"

"Sexist?" he burred. "Another of your ghastly *fin de siècle* words."

"Fin de siècle" Larry, I said, "that means the end of the 19th century, not the 20th." Even mentors occasionally get their come-uppance (orig: hangman's entreaty to the condemned).

Metropolis

## The leafy avenue and its thickening plot

Alice Rawsthorn reports on a clash between modernism and mock

With the manicured greens of Highgate Golf Course at one end, and Hampstead Heath at the other, Courtenay Avenue is one of north London's most expensive residential addresses. Its affluent residents include the Zambian high commissioner and the owner of Le Caprice, the chic Mayfair restaurant.

One of the older houses on the avenue is Blue Orchard and when it was sold a year ago, its new owners, Yoram Amiga, a successful commodities broker, and his lawyer wife, Sabina, sounded as though they would blend seamlessly into the area.

As Blue Orchard, a late 1930s four-bedroom house with a swimming pool and tennis court, had been rented to tenants for a few years, the neighbours were not surprised to hear that the Amigas planned to do some work on it.

Then they heard that the "work" consisted of demolishing the old house, for which the Amigas would have paid nearly £2m, and spending roughly the same amount on building a new one.

A mile or so away, in the Camden Town studio of architect Ron Arad, stands a model of the house in which the Amigas want to live.

Moulded from the same housey-corn aluminium as Jumbo Jet floors, with a prefabricated roof, the house is an uncompromising slice of modernism. It looks as though it belongs on a sci-fi Thunderbirds stage set, rather than among the leafy gables of north London. Most of the Amigas' future neighbours have signed a petition against it.

On Tuesday, Haringey Council's planning committee will

decide whether the Amigas can demolish Blue Orchard, and build the house Ron Arad has designed for them.

It is an unusual issue for the committee. Haringey sprawls across a stretch of north London dominated by semi-detached and terraced houses. Applications to tear down properties, especially ones costing a couple of million pounds, to construct iconoclastic examples of contemporary architecture are virtually unheard of there.

But Haringey's planners, and their peers in other boroughs, may see more projects like the Amigas in future. House design is moving up the architectural agenda, following predictions that 4.4m new households will be formed in Britain between 1991 and 2016. Amid this flurry of house-building, more people may want to construct their own homes.

Buying a plot of land to build a house is commonplace in the US. The Hollywood Hills glisten with modernist mansions designed by Richard Neutra, Frank Lloyd Wright or Frank Gehry for affluent Angelenos to whom commissioning a house from an avant garde architect is the ultimate status symbol.

Yet wealthy Britons, even those who have made their own money, tend to live in historic buildings, or in reconstructions of traditional architectural styles associated with old money.

Courtenay Avenue is typical. The first houses were built in the late 1920s, when domestic architecture elsewhere in Europe was influenced by the teachings of the Bauhaus and Le Corbusier's purist villas. Courtenay's residents plumped for the *faux* farmhouse style of the Arts and Crafts



Ron Arad's design for the Amigas: it has been called 'arrogant and insensitive' and 'imaginative and innovative'



Blue Orchard: four-bedroom farmhouse faced with demolition

Lydia van der Meer

movement that had dominated British aesthetics for decades.

During the 1930s, the area around the avenue became the fulcrum for Britain's fragile modernist movement. Berthold Lubetkin built the Highpoint apartment blocks in nearby Highgate. Wells Coates' Lawn Road Flats on the south side of Hampstead Heath housed the Bauhaus émigrés - Walter Gropius, Marcel Breuer and László Moholy-Nagy

after they fled to Britain from Nazi Germany.

In spite of this, Courtenay Avenue has remained a bastion of architectural traditionalism. Whenever any of the original houses were rebuilt or remodelled, their owners reconstructed them in mock-medieval, neo-classical, mock-Gothic or other pastiche of the past. When the avenue became a conservation area, it was to protect its ancient

trees, rather than the buildings. It was this natural, leafy beauty that attracted the Amigas.

They had asked Ron Arad to design a house for them in 1995 after admiring his foyer at Tel Aviv opera house.

With paint-stained fingers and absent-minded holes in his clothes, Arad looks more like an artist than an architect, and he views architecture as a form of personal expression.

At 46, with a Royal College of Art professorship and the prestigious Tel Aviv project and the Adidas Sports Centre in France on his curriculum vitae, he can afford to be picky about commissions. Arad told the Amigas that he was only interested in designing houses if he was allowed to be experimental. They agreed.

Like all homes built specifically for their occupants, there is a Trollopeque *The Way We Live Now* element to the Amigas' design. The two children of Mr Amiga's first marriage would have rooms on the lower floor. The master bedroom would have an adjacent study so that Mr Amiga need never be too far from his trading screen. The bedrooms

of the children by his second marriage would be on the floor above.

Ron Arad completed the design this spring and it was submitted to Haringey Council, where Courtenay Avenue's residents could inspect it. John Seifert, an architect living in a mock-medieval house opposite Blue Orchard, circulated a letter criticising Arad's "arrogant and insensitive" design, likening it to "a broken egg". He asked his neighbours to sign a petition of protest and almost all of them did.

The Amigas invited the residents to Blue Orchard to discuss their plans in detail. Only four people turned up. One of them subsequently withdrew from the petition and another wrote to Haringey council qualifying the original complaint.

Arad and the Amigas have had more luck with the architectural and heritage establishment. The Twentieth Century Society, the custodian of the century's architectural treasures, has informed Haringey that it sees no reason to oppose Blue Orchard's demolition. And after dispatching members of its London Advisory Com-

mittee to inspect the site, English Heritage voted unanimously in favour of supporting Arad's "imaginative and innovative" design.

Haringey's planners now face the tricky task of balancing the various arguments for and against the Amigas' proposals. Whatever they decide will set an important precedent not only for Haringey, but for any other boroughs that may have to assess similar proposals in the future.

It is also bound to influence other affluent Britons who, like the Amigas, might like to commission a futuristic home from a contemporary architect but are deterred by the threat of planning battles.

As for Yoram and Sabina Amiga, they must decide whether they want to become neighbours of the people who have mounted such a campaign against them.

If not, they do at least have the consolation that they could sell at a profit. According to local estate agents, the asking price for a house such as Blue Orchard has risen by a couple of hundred thousand pounds in the year since the Amigas bought it.

Arcadia

## Where buffalo meets motorcycle

Jeremy Grant reports on how Vietnam's march to modernisation is trampling on peasant life

Just a few minutes out of Hanoi, where the motorcycle traffic thins and the buffalo carts take over, two worlds are colliding.

On the right-hand side of the road is the vast Orion-Hanel electronics factory, a joint venture between Daewoo and the Hanoi municipal council. A guard tower menaces visitors at the entrance gate. Inside, shiny black limousines are parked neatly by a clipped grassy verge. Not a soul is about.

On the other side of the road, the rice fields of Gia Thuy commune remain much as they have been for centuries, marred only by the occasional advertising billboard that has taken root alongside the lush green paddy. Chickens cluck and scrape in the narrow, walled lanes that separate each household. An old woman in a traditional conical hat rakes straw drying on the path. She smiles, revealing a row of teeth stained with the brick red of betel nuts.

Here, on the city fringes, is the ruling Communist party's crude vision of progress. "Industrialisation and modernisation", satellite technology, computers and smokestacks. Propaganda posters, in socialist realist style,

portray electricity pylons, satellite dishes and factories looming behind model citizens, the man in a western suit and matching tie; the woman in the flowing traditional *ao dai*. (No one seems to notice the irony: satellite dishes are banned in Vietnam, except for official use.)

Underpinning the drive is the Communist party's desire to ensure Vietnam is not left behind in the race for economic prosperity in Asia - a vision undimmed despite the recent regional economic turmoil.

"We want quickly to have electrification, roads, a water system and communications and colour televisions," said an excited Du Muoi party general secretary, recently.

But turning that vision into reality will not be easy. The gap between urban rich and rural poor has widened to a chasm. And the party's push for growth has already started to disrupt

communities, many of them only a few kilometres outside the city limits, that cling to deeply rooted ancestral rights.

Farmers, who make up 80 per cent of the population, still respect those rights, complicating land tenure in a country where the party says all land is owned by the state.

Early this year, hundreds of rock-wielding peasants battled with police in maize fields between Hanoi and the city's airport in a bid to stop an army crew ploughing up their fields for a golf course, planned by Daewoo.

Exasperated by the lack of channels for redress of grievances - trust in state institutions is almost nil - they had erected a sign at the village gate appealing directly to the prime minister, much as a community might have appealed over the heads of local mandarins to the emperor centuries ago.

As the bulldozers advance and the rural population swells, the danger of further unrest grows. Cultivable land is shrinking at an alarming rate. According to the United Nations Population Fund, 13 people share one cultivated

It is hard to tell whether his acceptance of change is genuine - as we are not alone

hectare in Vietnam. But in India, the same number of people share five hectares and in China, 11 hectares. Migration from the countryside to the cities is growing as land is parcelled out for industrial use, often without first consulting the people living on it.

But it is when local party officials routinely pocket the compensation due to those who have had to make way for factory or office blocks that the trouble really starts.

In late May, thousands of farmers in Thai Binh, a province only 80km south-east of Hanoi and the cradle of the communist revolution, protested violently against corrupt local officials. Frustration was already high at the levying of arbitrary taxes by officials, a common grievance against French colonialists in the 1930s.

The unrest spread to neighbouring provinces but state censors ensured that news did not spread far. Foreign reporters were banned from the area.

Tran Dinh Tho, a wiry 56-year-old farmer, offers bitter green tea in his simple home in Gia Thuy. A portrait of Uncle Ho (Chi Minh) hangs above a small shrine of joss sticks and a bowl of oranges. On the TV, Vietnam is

losing a game of nethall to Thailand. He says he has lost out as factories have encroached on old family land. "But it's part of the policy of the government to open up new industrial parks. I'm happy about that."

Whether his meek acceptance of the status quo is genuine is hard to ascertain, for my translator and I are not alone in the room. Five local officials are sitting in on the proceedings. One, dressed in the intimidating green uniform of the interior ministry police, sits scribbling notes.

Across the way, Tran Thi Hien, a handsome woman in her late 50s, takes a break from working her small garden plot. She is worried about pollution from the factory, but seems to have few other complaints.

The family has been doing well since her son got a job on the factory night shift, checking assembled TV tubes. Not long into our chat he arrives,

beaming, dressed in a smart grey uniform with the company emblem sewn on to the front pocket. A new Honda motorcycle - the ultimate symbol of arriviste Vietnamese - is parked not outside, but incongruously in the living room beside a chest of drawers.

Tran Thi Hien's family is perhaps lucky. But for millions of others in the countryside, where "industrialisation and modernisation" means little to farmers battling poverty, taxes, debt and the capricious controls of local officials, the vision of the future could be very different.

Echoes of that vision can be found in the writing of Tran Van Mai, whose account of peasant life in Thai Binh province half a century ago - entitled "Who Committed This Crime?" - was banned by French colonialists.

In it he wrote: "Behind the green bamboo groves and next to families who every minute and second wrestled with death, there were still people who led a life of velvet and silk with all the conveniences and pleasures of time."

The family has been doing well since her son got a job on the factory night shift, checking assembled TV tubes. Not long into our chat he arrives,

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